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ABSTRACT

The 1980 proposed budget for education is examined in hearings before a subcommittee of the House of Representatives' appropriations committee. Witnesses include Dr. Mary F. Berry, Assistant Secretary for Education, Dr. Ernest L. Boyer, Commissioner in the Office of Education, and others. The report begins with an education division overview. In this overview Dr. Berry reveals that the education budget is $12.2 billion, consisting of $6.8 billion for elementary and secondary level programs, $5 billion for postsecondary education, and $434 million for research, innovation, and other support activities. Dr. Boyer in his overview statement identifies four budget priorities: improving educational quality for disadvantaged students, promoting school desegregation, expanding access to postsecondary education, and promoting national concerns, such as basic skills and education-work relationships. The hearings address the following facets of the budget: elementary and secondary education: school assistance in federally affected areas: emergency school aid: library resources: special projects and training: occupational, vocational, and adult education: education of the handicapped: higher and continuing education: higher education facilities loan and insurance fund: educational activities overseas: student assistance: student loan insurance fund: health professions graduate student loan insurance fund: salaries and expenses: National Institute of Education: and Office of the Assistant Secretary for Education. (CSS)

ED174762

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR 1980

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES

NINETY-SIXTH CONGRESS

FIRST SESSION

SUBCOMMITTEE ON THE DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE

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PART 5

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE: EDUCATION

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U.S. DEPARTMENT OF HEALTH,
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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE APPROPRIATIONS FOR FISCAL YEAR 1980

THURSDAY AND FRIDAY, MARCH 22 AND 23, 1979.

EDUCATION DIVISION OVERVIEW

WITNESSES

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

ACCOMPANIED BY:

ERNEST L. BOYER, COMMISSIONER, OFFICE OF EDUCATION
PATRICIA ALBJERG GRAHAM, DIRECTOR, NATIONAL INSTITUTE OF EDUCATION
BRUCE S. WOLFF, ACTING DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
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JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS
JAMES PICKMAN, EXECUTIVE DEPUTY COMMISSIONER FOR RESOURCES AND OPERATIONS
THOMAS MINTER, DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION
PETER VOIGT, DIRECTOR, POLICY AND PLANNING, BUREAU OF STUDENT FINANCIAL AID
EDWIN MARTIN, DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
DANIEL DUNHAM, DEPUTY COMMISSIONER, OCCUPATIONAL AND ADULT EDUCATION
ALFRED MOYE, DEPUTY COMMISSIONER FOR HIGHER AND CONTINUING EDUCATION
CORA P. BEEBE, BUDGET OFFICER

Mr. NATCHER. We take up at this time the Education Division overview.

We have before the committee the Assistant Secretary for Education, Dr. Mary F. Berry, along with the Commissioner of the Office of Education, Dr. Ernest Boyer. We also have Dr. Graham, the Director of the National Institute of Education.

Tell us who you have with you there at the table, Dr. Berry, before we start?

Dr. BERRY. Thank you very much, Mr. Chairman.

I have with me, starting at the end, James Pickman, Executive Deputy Commissioner for Resources and Operations in the Office of Education; Alfred Moye, Deputy Commissioner for Higher and Continuing Education; Daniel Dunham, Deputy Commissioner, Occupational and Adult Education; Edwin Martin, Deputy Commissioner for Education of the Handicapped; Pat Graham, Director, National Institute of Education; Ernest Boyer, Commissioner, Office of Education; John Ellis, Executive Deputy Commissioner for Educational Programs; Tom Minter, Deputy Commissioner for Elementary and Secondary Education; Bill Forbush, Deputy Assistant Secretary, Budget in the Department and Peter Voigt, from the Bureau of Student Financial Assistance.

Mr. NATCHER. Thank you, Doctor Berry.

Now, Doctor Berry, we have had an opportunity to examine your statement. With your permission we will insert your statement into the record in its entirety.

[The statement follows:]

MARY FRANCES BERRY

ASSISTANT SECRETARY FOR EDUCATION
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mary Frances Berry was appointed Assistant Secretary for Education in the Department of Health, Education, and Welfare in 1977, she formerly served as the Chancellor of the University of Colorado, Boulder, and is on leave from her position as Professor of History and Law at the University.

Mary Berry was born in Nashville, Tennessee, where she attended public school. She earned both bachelor's and master's degrees at Howard University in Washington, D.C. and received the Ph.D. in History as well as the J.D. from the University of Michigan. She has held faculty appointments at Central Michigan University, Eastern Michigan University, the University of Maryland, College Park, and the University of Michigan. Dr. Berry is also a member of the Bar of the District of Columbia.

Dr. Berry also served as consultant to the Office of Policy Planning at the Department of Housing and Urban Development and the Office for Civil Rights at the Department of Health, Education, and Welfare. She was Provost and Chair of the Division of Behavioral and Social Sciences at the University of Maryland, College Park, prior to her selection as Chancellor of the University of Colorado, Boulder.

Dr. Berry's scholarly work in constitutional history and civil rights law is well known. Her publications include **Black Resistance, White Law: A History of Constitutional Racism in America; Military Necessity and Civil Rights Policy: Black Citizenship and the Constitution, 1861-1866; Stability, Security, and Continuity: Mr. Justice Burton and Decision-Making in the Supreme Court, 1945-1958.**

STATEMENT OF DR. MARY F. BERRY

Mr. Chairman:

I am pleased to appear before this Committee today to provide an overview of the President's proposed budget for education.

Since this Administration took office, the education budget has grown by 17 percent. That growth is focused primarily on two objectives: to work toward a new standard of excellence in education, matched by the fullest possible access to opportunities---particularly for the disadvantaged, the handicapped, and for minority groups. To be sure, these objectives are not easily achieved, but I am sure that with the continuing commitment of the President and the Congress we can reach our goal.

By now I believe we have all come to face the fact that we do not have unlimited resources at our disposal. The President has made clear his intention to hold down Federal spending in an effort to curb inflation. However, I believe that within those limitations we were able to come up with an education budget which represents a prudent and balanced approach to today's most pressing problems. By focusing on the areas of greatest need, redirecting some programs, initiating others, and by taking steps to cut down on waste and fraud, I believe we can hold on to the momentum gained in the last two years.

There is no question that the level of funding is important. But certainly of no less importance is just how and where funds are targeted. As I stated earlier, we face some difficult and complex problems; there is no single solution. However, by taking a Divisionwide approach to problems, we can make better use of the resources and expertise available to us.

A prime example of this is our Basic skills effort. The National Center for Education Statistics continues to gather and analyze data which provides us with a sound knowledge of trends in education. This data, together with the National Assessment of Education Progress at NIE, serves as basis for measuring the reading and writing skills of our young people. This information is used in helping to focus the research and innovative efforts undertaken by NIE and the Fund for the Improvement of Postsecondary Education (FIPSE). The findings of that research, coupled with our new Basic skills/achievement testing effort in the Office of Education and the new Office of Testing and Assessment in NIE will ultimately help us reach our goal of improving the ability of each child to read and write. This type of crosscutting approach can be seen throughout the Education Division, in assistance for the disadvantaged, meeting the needs of underserved populations such as women and minorities, and in working to achieve educational equity in our schools.

BUDGET HIGHLIGHTS

The budget for education totals $12.2 billion, consisting of $6.8 billion for programs targeted at the elementary and secondary level, $5 billion for postsecondary education, and $434 million for research, innovation, and other support activities.

Elementary and Secondary Education ($6.8 billion)

The largest share of the elementary and secondary education budget, about $5.2 billion, is targeted on improving and expanding educational services to the needy, the handicapped, and to our bilingual population. This amount includes $3.1 billion for Title I grants to school districts and State agencies, enough to provide services to well over 6 million educationally deprived children. In addition, the budget proposes $258 million in 1979 and $400 million in 1980 for the new Concentration provision. These funds are expected to benefit between 850-900,000 children in the neediest school districts.

The budget contains $862 million to assist States and local school districts in meeting the special needs of the handicapped. These funds will help provide services to nearly 4 million children compared with 3.8 million now being served. Here, we propose to continue the policy of providing 12 percent of the national average per pupil expenditure.

The budget also proposes to expand desegregation assistance to States and local school districts. Of the total $354 million proposed, major increases are being sought for those activities which allow for the greatest flexibility in responding to the needs of desegregating school districts. These activities include special projects, magnet schools, and Title IV civil rights training and advisory services.

For Impact aid, the budget proposes $528 million, including $33 million for school construction. The 1980 budget funds payments to "A" children--those whose parents work and live on Federal property and therefore pay no local property taxes. These children constitute the greatest burden on local school districts. The budget includes an increase of $56 million over the 1979 level to fund payments to "A" children. Funds for "A" children who live in low rent public housing are continued at the 1979 level.

No funds are included in 1980 for "B" children. Their parents either live or work on private property and, therefore, pay local taxes

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which are used to help support the schools. Given fiscal limitations, we do not believe that continued support for "B" payments can be justified.

Postsecondary Education ($5 billion)

The bulk of the funding proposed for postsecondary education is in the student financial aid programs. Here, $4.6 billion is being requested with emphasis placed on ensuring that disadvantaged and other financially needy students have an opportunity to advance their education. Funds have been included to carry out the provisions of the Middle Income Student Assistance Act which broaden eligibility both for Basic grants and Guaranteed student loans. In addition, the Basic grants program has been expanded to cover the costs associated with funding program liberalizations for independent students.

I think it is important to note at this point that while the student aid request is below last year's appropriation, we do not expect any reduction in the level of coverage or support to eligible students. Savings due to reductions in fraud and abuse, coupled with a decrease in the number of eligible students, as a result of rising incomes, will allow us to maintain a policy of full-funding for the Basic grants program. We estimate nearly 2.6 million students will be assigned under this program. Under the Direct Loan program the budget request for $220 million, augmented by increased collections, will provide low-cost loans to about 902,000 students. In addition, funds are requested to maintain or expand the number of students assisted through supplemental grants, work-study, State incentive grants, and guaranteed loans.

In addition to the student aid programs, the budget proposes $346 million to carry out other higher and continuing education programs, most of which focus on the disadvantaged and underserved groups. Here again is another example of the crosscutting perspective taken in the budget. The budget proposes to fund Special programs for the disadvantaged (TRIO) at $130 million, a reduction of $10 million below the 1979 level. On the other hand, we propose to nearly double our efforts to assist the disadvantaged through the Graduate and professional opportunities program and launch a new program to encourage disadvantaged students to enter into the biomedical professions. In these proposals we are sharpening our focus on two very specific areas of need.

Research, Demonstrations, Statistical Support and Other Programs ($434 million)

Two basic sources of knowledge are research and statistics. For some time, industry has realized this fact; so, too, have Health and Agriculture. We recognize that few problems we face may be dealt with in isolation. Research, innovation, and data collection and analysis are necessary to informed policymaking and program direction.

In addition to a major emphasis on literacy in the basic skills, NIE will continue its work on student achievement, testing, school finance, and improved teaching methods. The Fund will continue to expand its focus on education and work, student choice, and improving the cost effectiveness of postsecondary education.

I will be glad to answer any questions the Committee has.

Mr. **Natcher**. If you want to highlight this statement for us or if you want to point out some of the matters in your statement, please do so.

Dr. **Berry**. I will do so very briefly, with your permission, Mr. Chairman.

Mr. **Natcher**. Go right ahead.

Dr. **Berry**. We think that President Carter has demonstrated his commitment to education since we have been in office in several ways.

One is in the budgets that we have submitted to the Congress. We have increased the education budget by 17 percent since we have been in office.

Another is in the legislation he has submitted to the Congress and which has been passed, including the Education Amendments of 1978, and the middle income students assistance bill. He is continuing to demonstrate his commitment by his support for a separate Department of Education.

The growth in the budget that you have seen since we have been in office and the targeting of these funds that we present today is focused on two objectives:

To promote a standard of excellence in education and to work to increase educational opportunities for the under-served, the disadvantaged, the handicapped and minorities.

We have formulated this budget with these two objectives in mind, objectives that are shared by the Congress and by the Administration. We recognize that there are not unlimited resources available, that we don't have all of the money in the world that everybody would like to have. Consequently, we have come up with a prudent budget.

It is targeted towards the areas of greatest need, and it does show the kinds of increases we have submitted to the Congress in the last 2 years. We think that a reasonably prudent person would agree with us this is a responsible budget, although they might disagree with us about some of the specific priorities.

We know it is important that you have an increase in funding for some programs but it is also important that you have a cooperative effort in terms of maximizing the amount of resources that we have available to us.

I will give you an example of how we do that. All of the agencies in the Education Division have a role to play in promoting excellence in equal education opportunity. In the basic skills effort, for example, the National Center for Education Statistics works very hard to keep the statistics up to date and gather the data and analyze it to tell us about trends.

NIE keeps working very hard to give us research on teaching and learning so we can determine the elements necessary to improve student achievement and the type of schools that are successful and the type that are not successful. The Office of Education, with its programs and in particuar its new Office of Testing and Assessment, has a role to play in helping the States to see to it that children learn how to read and write.

We all work together and we will continue to work together to try to maximize the resources we have available in this budget.

The budget has in it, Mr. Chairman, $12.2 billion. The largest amount is for elementary and secondary education, $6.8 billion. The largest part of that is for improving educational services to the disadvantaged under Title I, the handicapped, and for services to our limited English language-skilled population, that is, bilingual education programs.

ELEMENTARY AND SECONDARY EDUCATION

We have funds in the program for the new concentration provision under Title I, the provision that the Congress passed, which will give more funds on top of the regular Title I allocation for the poorest children in the poorest rural and urban school districts.

We have asked for a supplemental for 1979 of $258 million, and we are asking for $400 million in 1980 for the concentration provision.

On the Handicapped we are holding to the policy of providing 12 percent of the national average per pupil expenditure, so we have asked for $826 million for State grants.

The desegregation of schools is one of the major unfinished pieces of business before us in education at the Federal level, so we have asked for an increase in that budget.

We are asking for $354 million for the flexible, voluntary approaches to desegregation that are provided in the new Emergency School Assistance Act and in Title IV of the Civil Rights Act.

For Impact Aid we have asked for $528 million; we are funding the A children; those whose parents work and live on Federal property and are really a burden to the local taxpayers. But we are not funding the B children, because their parents either live or work on private property and, therefore, we do not believe that they are a burden created by the Federal Government.

We would have to spend $532 million more to fund the B kids through Tier 2. We just do not believe, given the fiscal limitations this year, that we can fund the B kids, and we are not proposing they be funded.

In Higher Education, most of the moneys this year, as in every year, are in the Student Aid Programs, to support the objective for students to go into higher education without worrying about whether or not they are finanically able to do so.

We have funded the new Middle Income Students Assistance Act, including the independent student liberalization for 1980, I must point out, Mr. Chairman, if it appears from looking at the numbers that we have decreased the support for student aid, we have not. In fact, we predict we will be able to provide just as much in the way of loans and grants next year, for all of the people who are eligible.

The numbers look lower due to the very active and successful fraud and abuse effort undertaken in the Department in the Bureau of Student Financial Assistance. We predict that this program will continue to work, and that we will have funds generated in the Direct Student Loan Program to go back into the revolving fund to make loans and continue support.

We are, in fact, providing the same support we would have provided before.

Let me say finally about Higher Education that we are almost doubling the amount of money allocated for the Graduate and Professional Opportunities Program. We think that this is one of the most exciting programs that the Secretary has started since we have been at HEW.

There is a shortage of women and minorities in the professions and in faculties of higher education, so what we are doing is trying to fund a program that will increase the numbers of people in fields where they are under-represented. We are also starting a biomedical program that will go down to the ninth grade to encourage students interested in biomedical fields or in science, so that we can do something later on about the decline of minority applicants to medical schools in this country.

There are not many minorities in these fields, and this is important because statistics indicate that minority doctors go out to practice in the under-served minority community.

Finally, Mr. Chairman, I would point out on research demonstrations and statistical support we are asking for $434 million. Some people ask why research, why statistics, why is that necessary, why don't you just have program money?

The answer to that is that industry recognizes, all fields recognize, that if you don't have good information about how programs are working and what the best programs might be and on trends, you don't have good programs that are operating, and this is why this is absolutely essential and that is why we made this request.

I believe we have a reasonable, fair budget which demonstrates our continued commitment to education as a high national priority.

I would be pleased to answer any questions you might have, Mr. Chairman, or we can turn to Mr. Boyer for his statement, whatever is your preference.

Mr. NATCHER. All right.

Thank you, Dr. Berry.

Dr. Boyer, we would like to hear just a word or two from you. What would you like to talk to us about, Dr. Boyer?

Your statement will be included in the record in its entirety at this time.

[The statement follows:]

BIOGRAPHICAL INFORMATION

NAME: Ernest L. Boyer

DATE OF BIRTH: September 13, 1928

PLACE OF BIRTH: Dayton, Ohio

FAMILY: Married -- Kathryn Garis Tyson, August 26, 1950
R.N. -- Montgomery County (Pa.) Hospital
B.S. -- State University of New York
C.N.M. -- (Certified Nurse Midwife)
Georgetown University

Four children--Ernest, Jr. (1951), Beverly (1953), Craig (1955), and Stephen (1964).

CURRENT POSITION:

1977 - PRESENT	UNITED STATES COMMISSIONER OF EDUCATION (Appointed by the President of the United States and confirmed by the U.S. Senate.)

PREVIOUS POSITIONS:

1970 - 1977	STATE UNIVERSITY OF NEW YORK, Chancellor
1965 - 1970	STATE UNIVERSITY OF NEW YORK, Vice Chancellor and Executive Dean for University-wide Activities
1962 - 1965	UNIVERSITY OF CALIFORNIA, Santa Barbara, Director, Center for Coordinated Education
1960 - 1962	WESTERN COLLEGE ASSOCIATION, California, Director, Commission to Improve the Education of Teachers
1956 - 1960	UPLAND COLLEGE, California, Academic Dean and Professor of Speech Pathology and Audiology
1955 - 1956	LOYOLA UNIVERSITY at Los Angeles, Assistant Professor and Director of Forensics

DEGREES AND PROFESSIONAL EDUCATION:

1950 -- A.B., GREENVILLE COLLEGE
1952 -- Graduate Studies, OHIO STATE UNIVERSITY
1955 -- M.A., Ph.D., UNIVERSITY OF SOUTHERN CALIFORNIA
1959 -- Postdoctoral Fellow, UNIVERSITY OF IOWA HOSPITAL (Medical Audiology)
1976 -- Visiting Fellow, CAMBRIDGE UNIVERSITY

HONORARY DEGREES:

1971	Litt.D., Chapman College
	L.H.D., Dowling College
	LL.D., University of Southern California
	Presidents Medal, Tel-Aviv University
	P.S.D., Greenville College
1972	L.H.D., Pace University
1973	D. Sc., Alfred University
	LL.D., Fordham University
	LL.D., University of Akron
	LL.D., Roberts Wesleyan College
1975	LL.D., University of Rochester
1977	L.H.D., Fairleigh Dickinson University
1978	LL.D., College of William and Mary
	LL.D., Beloit College
	D.F.A., Wheeling College
	LL.D., Hamilton College
	L.H.D., City University of New York
	D. Paed., Yeshiva University
	LL.D., Hope College
	L.H.D., University of Maryland

SELECTED RECOGNITIONS:

Selected as one of America's two Outstanding Leaders in Education, U.S. News and World Report (1978)

Presidential Commission on the Financing of Post Secondary Education (1972-73)

Presidential Committee on the Education of Women (1975)

Commission on Critical Choices for Americans (1973-74)

Governor's Award, State of Ohio (1978)

Presidential Fellow, Aspen Institute for Humanistic Studies (1978)

Encyclopedia Britannica Achievement in Life Award (1978)

PAST AFFILIATIONS:

President, National Association of State Universities and Land Grant Colleges

Executive Committee, American Council on Education

Executive Committee, American Association for Higher Education

Member, Carnegie Council on Policy Studies in Higher Education

Board of Trustees, Carnegie Foundation for the Advancement of Teaching

Board of Trustees, Teachers Insurance and Annuity Association of America

Board of Trustees, Educational Testing Service

Board of Trustees, Saratoga Performing Arts Center

Board of Trustees, Earlham College

Board of Trustees, Institute for International Education

Board of Trustees, International Council for Educational Development

PRESENT MEMBERSHIPS:

Board of Directors, Kennedy Center for the Performing Arts
National Council on Educational Research
National Council on Education Statistics
Federal Interagency Committee on Education
National Commission on Truman Public Service Fellowships
Executive Committee Center for the Book, Library of Congress

ADDITIONAL REFERENCES:

Who's Who in America
Who's Who in The World
American Men and Women of Science
Outstanding Educators of America
International Scholars Directory
Leaders in Education
Dictionary of International Biography
The National Register of Prominent Americans and International Notables
The Social List of Washington, D.C.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Commissioner of Education

Mr. Chairman and Members of the Committee:

We are pleased to be here today to present to you our 1980 budget for the Office of Education.

When I appeared before you just one year ago, I referred to our 1979 budget as the Administration's first statement of our national priorities because it declared a clear fiscal commitment to education. Since then, President Carter has made two further declarations--the elementary and secondary education legislation, which emphasized the attainment of basic skills for all children; and the middle-income assistance proposal which expanded higher education access.

I look upon this 1980 budget, then, as the Administration's fourth major policy statement on education. It dramatically reflects our highest priorities in education while at the same time reinforcing the President's commitment to fiscal responsibility and spending restraint.

Major Educational Goals

Before going into the specifics of our request, I would like to share briefly with you my thoughts on our overall goals in American education. I feel these can be summarized in one simple phrase--Access to Excellence.

By access I mean education for all who have the ability and desire to pursue it. This includes those children and adults who have been historically bypassed and neglected--those from low-income families and minorities, those with physical and mental handicaps, as well as those from middle-income families whose college budgets are rapidly shrinking due to inflation.

And by excellence I mean quality in the education itself. It is quality which provides students the fundamental skills needed to function in our complicated world; which enables persons to fulfill themselves as individuals and effectively contribute to society; and which responds to the diverse learning styles and needs of students.

These continue to be our major commitments. And they are the premises on which we built our budget and developed our priorities.

Summary of 1980 Request

Our 1980 total request to this Committee is $12.1 billion. The budget proposes increases in several major programs, offset by reductions in selected programs which are not well targeted or where projections of needed fiscal resources to carry out current policy result in decreased levels.

Our request of $12.1 billion reflects a net reduction of $394 million, or just three percent, from our 1979 total estimate of $12.5 billion, including $504 million in supplemental funds for four programs, and a proposed rescission of $22 million for the Career Education Incentive Act.

The major thrusts in our budget proposals reflect four priorities in our education program:

- Improving educational quality for disadvantaged students;
- Promoting school desegregation;
- Expanding access to postsecondary education; and
- Promoting national concerns, such as basic skills and education-work relationships.

I would like now to present to you some of the highlights of our budget within the context of these priorities. I and my colleagues will testify later on individual programs.

Improving Educational Quality for Disadvantaged Students

We are proposing increases of over $200 million to continue our commitment that every American citizen has a basic right to the best education possible. Improving the quality of that education will be one of our top priorities for the next decade. Thus, we are requesting increases in programs such as Grants for Disadvantaged Children, Education for the Handicapped State Grants, and Bilingual Education. We estimate that more than 12 million children, or about 25 percent of our total elementary and secondary enrollment will benefit from programs within this priority category.

For Title I Grants for Disadvantaged Children, our request totals almost $3.5 billion. This includes $400 million in "concentration" funding for needy school districts, an increase of $142 million over 1979. We are also requesting a $ 58 million 1979 supplemental appropriation to initiate this activity which will help urban and rural areas cope with the severe problems of educating disproportionately large percentages of disadvantaged pupils. In total, our 1980 budget will enable us to improve educational opportunities for over seven million children requiring remedial assistance.

We are also seeking additional funding to help States provide a free, appropriate education for all handicapped children. Our request for State Grants for the Handicapped totals $862 million, or $58 million over the prior year level. This will enable us to provide a Federal share of about 12 percent of the excess costs of educating over 3.9 million children in the 1980-81 school year. This increase of 150,000 children results both from improved child-find activities by States and local districts and from inclusion of the new 18-21 age group as eligible for services.

For Bilingual Education, we are proposing $173.6 million, an increase of $15 million, or nine percent, for grants to help over 600 school districts teach English to children whose primary language is other than English. We will also support related activities such as training for over 30,000 special education personnel and the investigation of methods to improve bilingual education.

Promoting School Desegregation

School desegregation remains an unfinished agenda. To respond to the need for imaginative new leadership and programs in this area, Congress, in the 1978 Education Amendments, provided increased flexibility in our discretionary activities under the Emergency School Aid Act.

To encourage States and local school districts to meet these pressing needs, we are requesting $354.1 million, or $22.1 million over 1979, for both this Act and Title IV of the Civil Rights Act.

Although our budget reflects a $22.1 million increase in budget authority, in reality we are providing increases of over $56 million. This is due primarily to the elimination of funds for pilot programs, which provided compensatory education rather than desegregation assistance.

These new monies will give us flexibility to address major desegregation problems as they develop. For the first time, we will provide funds to school districts to help them develop comprehensive desegregation plans, and we will provide increased funds for State education agencies to encourage voluntary desegregation. We will also expand innovative desegregation activities, such as magnet schools; and Title IV projects in race, national origin, and sex desegregation.

Expanding Access to Postsecondary Education

Assuring that every American is afforded an opportunity for a higher education lies at the very heart of our access goal. Our budget for postsecondary education maintains last year's initiatives which dramatically expanded student aid programs. Over one million additional middle-income students are now eligible for grants and all students, regardless of income level, are now able to secure a Federally subsidized loan. We intend in our 1980 budget to provide sufficient funds so that all eligible students can participate in these programs.

For Basic Grants, the cornerstone of our student aid programs, we are requesting $2.4 billion to assist 2.6 million students, compared with $2.6 billion and 2.7 million students in 1979. However, estimated savings of $165 million in 1979 due to efforts to reduce fraud and abuse will result in a program level of $2.4 billion, or about the same as our 1980 request. The slight decrease in the number of eligible students is due to the rise in incomes which moves families beyond the Basic Grant eligibility range. I would point out, though, that the 2.6 million students projected for 1980 represent an increase of 800,000, or 43 percent, over the number aided in 1978. And, for the first time in 1980, 60,000 independent students will qualify for a basic grant. Again, I want to emphasize that our budget intends that every eligible student be provided a grant of up to the maximum award of $1,800; and if, in fact, our estimate proves to be insufficient for this full funding, we will indeed return to you to seek supplemental funds.

We are proposing to continue both major loan programs--guaranteed loans and direct loans. Our request of $1.2 billion will provide loans to almost 2.1 million students, or approximately the same number aided in the previous year. We have been able to reduce the Federal funds somewhat as a result of improved program administration and increased collections on prior year loans.

We are requesting level funding for our other student aid programs. Over 573,000 students will receive Supplemental Opportunity Grants, 990,000 students will participate in Work-Study programs, and 307,000 students will be served by State Incentive Grants.

This combined package of student aid--grants, loans, and work-study--will not only promote access to postsecondary education; it will also permit greater choice in the selection of an educational institution. In combination it is the largest, most effective student assistance program in our Nation's history.

In addition to student aid, our request includes other higher education programs which help in furthering our access goal. We are proposing $15 million, an 87 percent increase, in the Graduate/Professional Educational Opportunities program for 1,700 fellowships for minorities and women to enable them to pursue graduate training leading to careers in fields in which they are underrepresented. Also, we will continue to fully fund at $120 million the Strengthening Developing Institutions Program which supports 300 institutions enrolling significant percentages of Black, Spanish-American, Native American, and low-income students.

Promoting National Priorities

In our increasingly complex society, our schools and colleges need help to deal effectively with emerging problems and new areas of knowledge. Federal leadership is needed to stimulate new directions and to promote programs of national significance. For this, our fourth priority, we are requesting increases of $20 million. These relatively small but significant items can provide the needed leverage to spur innovation in these critical areas.

The teaching of basic skills is one of our highest priorities in education today. The opportunity to develop literacy is not only a basic human need; it is also a prerequisite to further learning. We are requesting $35 million, an increase of $7 million, to launch the new basic skills improvement program as authorized by the recent Education Amendments. These funds will help States and school districts coordinate existing Federal, State, and local basic skills programs, as well as develop new programs to teach the fundamentals of reading, mathematics, and communication skills. To complement this effort, we are seeking $2 million to assist schools in using achievement tests as both diagnostic and assessment instruments.

We are proposing three new pilot programs--$2 million for a youth employment initiative to help connect schools with employers; $2 million to improve school health programs with emphasis on discouraging smoking; and $3 million to increase the enrollment of minority and disadvantaged youngsters in the biomedical sciences. We are recommending an increase of $2 million to strengthen international education programs and to sharpen the awareness of Americans about world interdependence. Finally, we have provided small increases in the areas of alcohol and drug abuse education and women's educational equity; and will continue other small discretionary programs such as career education, education of the gifted and talented, educational television, and the arts in education.

Other Areas

In order to offset these priority increases, we are proposing to reduce or eliminate some programs where the Federal role either has been fulfilled or is not clear. Our major cutback--$291 million--is in the Impact Aid program where we would eliminate Federal payments for children whose parents live or work on Federal property. Since most of these children have parents who contribute to local tax revenues, they do not constitute a legitimate Federal burden. In other programs, we would hold funding to the level that was proposed in the 1979 President's Budget, such as Adult Education and School Libraries. And in still others, decreases reflect pricing estimates and do not result in reduced services, such as Basic Grants, Student Loans, and Veterans' Cost of Instruction programs.

In some other major programs, we would maintain level funding. Examples are Vocational Education, where States overmatch Federal funds by eight to one; Support and Innovation Grants; and Teacher Corps and Teacher Centers.

Finally, I would make a brief comment about administrative funds for the Office of Education. Our request of $128 million for Salaries and Expenses includes a modest net increase of less than $4 million to cover mandatory costs. We are proposing to decrease discretionary administrative items by $3.7 million below the prior year; and to decrease the number of positions by 25 as part of the President's effort to reduce the level of the Federal work force.

Conclusion

In closing, Mr. Chairman, I believe that our budget reflects an appropriate balance between an emphasis on educational priorities on the one hand, and the need for budget austerity on the other. If our Nation is to remain strong and vigorous, it is imperative that we push aggressively toward our educational goals of access and excellence. I am convinced that, together, we can fulfill this commitment.

My colleagues and I will be happy to respond to your questions.

Dr. **Boyer**. Well, Doctor Berry has given the overview.

I would make added emphasis that this budget is an attempt to consolidate the dramatic growth of the past two years, and the 38 percent increase that has occurred since this Administration, I think, shows the commitment.

But the budget before you actually is a dollar reduction from last year. We achieved that reduction by increasing $400 million, most especially, as Dr. Berry said, in Title I and in handicapped and by reducing about $800 million, most especially in two areas, Impact Aid and Student Assistance.

I would like to add the final point that the main concern that accompanies this budget is the question of how well we administer it. I do believe in the past year, Mr. Chairman, there have been significant moves that have been made in the management of these programs, in student assistance most especially. Recently we created a new bureau in which we are bringing together all of our small discretionary grants so they can be managed in a more effective way.

There is a long distance to go in the cutting out of about 7 million hours of clearly identifiable paperwork and also in the streamlining of many of our regulations. Just last night I signed off on a regulation in which the actual numbers of words involved has been reduced by 50 percent.

I think if we cannot find a way to operate the machinery that delivers these dollars to the schools and colleges, we build up a sufficient level of frustration that the confidence in government has been diminished.

Let me make one final point to put this budget in some perspective. We have about a $12 billion budget and, interestingly, that is almost evenly divided between elementary and secondary education on one side of the equation and higher education on the other.

HIGHER EDUCATION

As you know, the higher education budget is almost exclusively committed to student access. So if you ask what is going on in OE on the higher education level, it's about a $5 billion-plus commitment to help students go to college— grants and loans.

ELEMETARY AND SECONDARY EDUCATION LEVEL

On the elementary and secondary side of that equation that can be divided again in half, with about 50 percent of our elementary and secondary aid going to Title I, helping children from disadvantaged homes in the first three grades; another $1 billion going for handicapped, which is to increase their access, and then another half billion to vocational education, and then it starts to trail off in discretionary grants, bilingual and Indian education.

So the Federal role has developed a very important sense of equilibrium in the elementary and secondary education to deal with special groups of needy students, and in the higher education to encourage access.

I, too, with my colleagues, would be more than pleased to respond to any particular questions you may have.

Mr. **Natcher**. Fine.

Thank you, Doctor Boyer.

Now, as you and Doctor Berry have explained to the committee, the total budget for education for the fiscal year 1980 is $12.2 billion. That is about $400 million below the 1979 level.

BUDGET PRIORITES

Doctor Berry, are there any areas in education in which you feel the budget is inadequate?

Dr. **Berry**. I absolutely support the recommendations that we have made. Although I must say that if we were not in a period of austerity we probably could have increased the regular program in Title I in addition to the concentration program.

I might also add some funds to TRIO and some to the Graduate Professional Opportunities Program. Indeed, if we had all of the money in the world, we might add some funding to every program. But we do not and I think the budget we have developed is a very responsible one in that it does target on the areas of greatest need.

Mr. **Natcher**. Now, Doctor Boyer, if the committee finds it necessary to make reductions in the budget for the Office of Education, where do you suggest we make them?

Dr. **Boyer**. I would have preferred the first question.

Mr. **Natcher**. Go right ahead, Doctor.

Dr. **Boyer**. Sorry. From my past experience in university administration I would have to go first to the big items. You can't make much savings out of small categories; you have to ask where do your big dollars go.

If there were severe press for reduction we would have to look at the largest items. I mean by that the student assistance category represents a $5 billion effort. We might have to ask whether continued development is required there.

We are proposing again where the increases are, we are proposing a major increase in Title I, especially through concentration. We would have to ask is this the year to expand that if we were forced to look at continued reduction.

I am not in a position to give you a detailed list except to say that a procedure would have to be followed. That is, can we justify the increases and then how do we start working against the base of the largest categories?

CARRYOVER BALANCES

Mr. **Natcher**. Now, under the State Grant Program for Handicapped Children, $1.6 billion has been appropriated for 1977 to 1979 to implement the Education for the Handicapped Children Act. We understand that over $500 million of these funds are unobligated.

Why can't we carry over this balance and reduce the 1980 budget request of $862 million for this program?

Dr. **Berry**. My understanding, Mr. Chairman, is that there was some concern expressed by the Congressional Budget Office, and others, that these funds would not be obligated and, therefore, would be available for carryover. My understanding, however, is that this would not be the case and that the funds will be obligated and will be used.

But if Mr. Martin would like to add to that, he may do so.

Mr. NATCHER. Go right ahead, Mr. Martin.

Mr. MARTIN. Thank you, sir.

I am afraid that that particular analysis was confused and we have attempted to set it straight. The first year in question, there were $250 million which were obligated by the end of fiscal 1978. The Congress had appropriated some $315 million for that year. But the formula was fully funded at the $250 million level. That left $60 million that could not be obligated because it would not have been possible under the formula.

Beginning this year there is $500 million which was available starting at the beginning of this fiscal year, and by December we had obligated $300 million of that $500 million. The remainder between that $800 million and the $1.6 billion you mentioned is $804 million, which wouldn't even become available for obligation until the beginning of the next fiscal year, some months away.

So what we are really dealing with is two fiscal years, one for which the Federal Government has fully obligated its funds and for the other we have obligated about 60 percent at this point in time.

We would like to have obligated the whole 100 percent on the very first days of the fiscal year, but these years have been difficult for the States to change the many State laws and State regulations in order to come into compliance with the new Federal law.

So we have had to negotiate with the States and, in some instances, for example, several States are currently waiting for their State Legislatures to make changes in State law which will be necessary before we can approve their plan.

We will obligate all of the funds which are available in each of the years in question. I have been meeting continuously with State and local people who will tell you that the need for the funds at the local level is very real, indeed.

We are trying to get the local districts, Mr. Chairman, to in a sense agree to hire people in the spring on the basis that they are going to receive funds in July and September from the Congress. Some States are willing to make that gamble and others are more conservative; they want to wait until the money is in hand and then begin expending it after they receive it.

Under the so-called Tydings amendment they have two years to spend those funds, and a number of States do spend the money in the second year. But if the Congress were to do what you suggested, it would be terribly disruptive because what it would mean is that the $800 million level which will be released in September and the $800 million that we have built together in these first two years would suddenly disappear, leaving a lot of teacher commitments and program commitments up in the air, and the States and the locals would be so conditioned by that that we would never get them to spend any money or plan on it until they had it in hand.

Mr. NATCHER. Now, Dr. Berry, if we had a separate Department of Education, do you think the budget before the committee would be any different?

Dr. **Berry**. It would depend on who was running it and how successful they had been with OMB. But in general terms, Mr. Chairman, I would say that the creation of a separate Department of Education would not have any immediate impact on the size of the budget.

I think we have had some nice increases in the budget proposed by us in the last two years. I think the budget we have presented this year has taken into account all of the needs of all of the programs that exist.

Under a separate Department of Education we would have the same review and the same consideration of the programs, so I think we probably would end up with the same budget figure.

EFFECTIVENESS OF THE EDUCATIONAL SYSTEM

Mr. **Natcher**. Now, in your opening statement to the committee, Doctor Berry, you mentioned the importance of teaching the children in this country how to read and write. How would you rate the elementary and secondary education system in this country at the present time, Doctor Berry?

Dr. **Berry**. I think that the elementary and secondary education system in this country has in overall terms done a very good job in the last 15 to 20 years in teaching most students how to read and write.

If you look at all of the information we have, it shows that sizable numbers of students are functionally illiterate and that sizable numbers of students do not read or write at the level we would like. The information also shows, however, that the vast majority are reading and writing better than they did in the past.

For most of the students in the country, the schools are doing a good job.

There are serious problems with some areas of the population. There are some students who 15 or 20 years ago probably would not be in school for as long as they are in school now.

So I think in overall terms that the system has worked, but that there are major problems that still exist for teaching all of the children in the country how to read and write. This is why we focused our legislative program on basic skills, and are proposing an increase in the Title I concentration, which focuses on basic skills in the first three grades, and why we are proposing the funding we are proposing in the basic skills program, so we cannot say the whole system has not worked because we see there are serious problems and the effort is to try to solve those problems.

Mr. **Natcher**. Mr. Michel?

Mr. **Michel**. Thank you.

TEACHER STRIKE

Doctor Berry, your budget focuses on educating disadvantaged children and then here in the District of Columbia we see large numbers of disadvantaged children being deprived of an education by teachers going out and striking. What do you think of what appears to be an increased practice of teachers striking during school years and in most cases illegally?

Dr. **Berry**. I deplore illegality of all sorts, including teacher strikes where they are illegal. I particularly deplore the necessity for strikes if they are necessary during the school year.

I understand that the teachers believe that there are important issues that they must resolve and that the best time to get those issues resolved is during the school year when kids would be out of school if they go on strike. But I believe that it would be more appropriate if some system of arbitration could be worked out to resolve disputes so that the children in communities would not suffer, and this is particularly the case for children who are already educationally deprived or are having difficulties.

So I deplore strikes during the school year.

Mr. **Michel**. Has any of your research ever focused on the psychological impact a teacher illegally going out on strike may have on a child, particularly if it pertains to the child's respect for the law, for authority, for discipline?

Dr. **Berry**. I am not aware of any specific research of that kind and I will see if Dr. Graham knows of any. I am aware, however, that other collections of research indicate that if people in positions of authority show a contempt for laws that apply to them, the effect is to create more and more disrespect for authority and law.

Dr. **Graham**. We have not looked specifically at that question to date.

Mr. **Michel**. Well, it might not be a bad idea to just check it out once. I would have to agree with Dr. Berry that if that's the result in other areas, I think it would hold true for the educational community too.

Wouldn't the proposed new Department of Education, by consolidating Federal programs under the one authority, make it easier for the Federal Government to exert control?

DEPARTMENT OF EDUCATION

Dr. **Berry**. Over education in the country? I do not think so. As a matter of fact, I think most emphatically not, Mr. Michel.

The Department of Education Bill, as it has been proposed in the Senate and as the Administration is proposing it, has provisions that would preclude any Federal intrusion or involvement in educational decisions at the local level.

Mr. **Michel**. You mean there would be less than there is now? How could that be?

Dr. **Berry**. Well, I will try to answer that a different way rather than attacking it directly, if I may.

First of all, there are these provisions in what would be the statute. Second, there is already a Federal education policy. This policy, established by the Congress and implemented by the Administration, has been to focus on specific programs of aiding the underserved, the disadvantaged, and so on, for about 11 percent of the total education budgets in the country.

The real issue for those who are concerned about a Department of Education ought to be, in my opinion, whether they are interested in seeing those programs that are already Federal policy implemented more efficiently at the local level. So the idea is not to create control; there are absolute prohibitions against Federal control, and I don't think anyone would want it, even if there weren't absolute prohibitions. The only way to get Federal intrusion at the local level is through the Congress.

All I see in the Department of Education bill is the hope that the current Federal education policy can be implemented more quickly and more efficiently.

Mr. MICHEL. Is it your view that all Federal programs having to do with the education of our kids be brought in under that one roof?

Dr. BERRY. No; I would think that the people who have worked on this over in the OMB, the White House and here in the Congress are quite right to say that one test ought to be whether the program is directly concerned with education as an end in itself or whether it is for some other purpose where the education mission is tangential.

There are other programs one might think ought to be in the Department, but indeed the politics of the situation are such that one could not have those included in the bill. I think that the approach should be, as it is, to concentrate on getting as many programs as possible that ought to be in the Department, rather than working toward incorporating every educational program into the new Department.

Mr. MICHEL. So you have objection to those exceptions that they are talking about these days?

Dr. BERRY. I have absolutely no objection to the exceptions that the President has approved.

Mr. MICHEL. Well, of course, the whole argument has been that it gives education all that much more visibility so that it does not get lost in HEW, and you would be a Department Secretary instead of an Assistant Secretary and the Commissioner would be the Assistant Secretary instead of a Commissioner and everybody would get a higher salary and everybody else would be right in place, and there wouldn't be any difference.

Dr. BERRY. Would you like me to respond to that?

Mr. MICHEL. You might comment on that.

Dr. BERRY. One comment that I would make is that the new Department plan is not a plot to create a new office for me or for anybody. But in any case, let me just say that we have been successful in administering programs and activities concerning education within HEW while in office and we have worked very hard to do so.

But it is true that there are certain administrative structures in HEW that necessarily have to be there, because you are talking about a $200 billion operation which is, as you know, about the third largest budget in the world. That would not be here in a separate Department of Education and it's true that you would have a Cabinet Secretary who could focus just on the educational issues.

EFFECTIVENESS OF REMEDIAL PROGRAMS

Mr. MICHEL. In a recent article in the New York Times, John Maxwell, Deputy Director of the National Council of Teachers of English, said, "People assume that remedial programs make a difference. This has never been demonstrated; we just don't know enough about remedial education."

Would you agree with that?

Dr. **Berry**. No; I believe compensatory programs do make a difference. We know this from the studies that NIE has done of Title I, and other studies that we have had.

Mr. **Michel**. Yes, but the bottom line with me is the test scores. After you have gone through all of this, how come there is just a continual decline of test scores after all of the billions we put into compensatory education?

My bottom line is how much better off are you now than you were ten years ago, and so far I haven't seen any statistics in which I have confidence, which show much of any progress.

Dr. **Berry**. Well, sir, the first point I would make is that we don't know how bad the situation would have been if we had not had Federal programs all of these years. I will make that point in the first place.

It might be even worse than it is, and I agree with you, in some sectors of the population there are serious problems with reading, writing and basic skills. But I would also point out we do have evidence for those students who have been involved in compensatory education programs funded by the Federal Government that there have been improvements in achievement.

I agree with you also that by and large test scores were declining in reading. Now, I understand they have bottomed out. Hopefully, they will eventually rise. Scores have also been declining in mathematics for a number of years. But if you look at all of the students who are being educated in school systems over all of this period of time, I think you would see we have been successful for larger numbers of students than might have been otherwise, if we had not had the programs.

Now, Dr. Graham may wish to comment on this.

Dr. **Graham**. I would like to support what Dr. Berry has said. The national assessment of educational progress, for example, has shown that 9-year olds who are fourth graders improved in both reading and writing between 1970 and 1974. Another series of basic skill tests for second, third, and fourth graders shows similar improvement in reading and mathematics.

The Iowa Program also demonstrates improvement on the part of youngsters in the early grades, and NIE's own study of children in Title I in grades one and three who are in well managed Title I programs made very substantial gains in reading and mathematics.

I think the point I would make is we have made a lot of progress in raising test scores for children in the primary grades. We have not made comparable progress in helping to raise scores of children in the high school grades. Although these SAT scores, which have been going down steadily, stopped their decline last year.

Mr. **Michel**. Finally.

Dr. **Graham**. Finally.

VOCATIONAL EDUCATION

Mr. **Michel**. We hear periodic reports that the Administration has rather a negative view toward vocational education.

How do you respond to that?

Dr. **Berry**. Well, we do not have a negative view or at least I do not, and the Secretary does not toward vocational education by definition. We believe, however, that the program has not been as effective as we would like to see.

Now, what do we mean when we say it has not been as effective as we would like to see?

We believe that a major problem in this country right now is the unemployment and lack of skills of youth, and many of these are minority and disadvantaged youth in cities. Vocational education programs have not been targeted on the students in these cities, and in many cases it might be better if one could use funds and have them used appropriately and effectively in some program that went directly to the cities where these children are, as in the youth programs over in the Labor Department rather than try and do it through State vocational education programs, the way they operate at present.

So, it's not hostility towards vocational education, and we recognize that vocational education is tremendously popular—it ought to be—and that large numbers of students are going into it, and that it has made a great contribution.

But it's just our concern and our hope that as a result of the 1976 amendments and regulations and their operation there will be more leveraging of funds into those areas where those disadvantaged students who make up the bulk of the unemployed youth. This is our concern; we do not have an animosity towards vocational education.

Mr. **Michel**. I would hope that will be borne out by what you say, Doctor. I have some reservations about that.

Dr. **Berry**. Could Dr. Graham add to that?

Mr. **Natcher**. Yes, go right ahead.

Dr. **Graham**. As you know, Mr. Michel, the NIE was asked to prepare for the Congress for 1980 a report on vocational education. We have submitted a plan to you and your colleagues, and we anticipate that the report will be in on time in September of 1980 for you to consider when you consider the reauthorization.

FEDERAL SUPPORT OF VOCATIONAL EDUCATION

Dr. **Boyer**. I think vocational education offers an interesting case study of whether Federal intervention in the best sense makes a difference. This was the first example of Federal involvement in education following World War I. It was started to stimulate State activity in vocational education. The idea was to get a 1-to-1 match. If we give some money, States might get involved more actively. The interesting thing is now it is about $1 federal to $8 at the state level. I truly believe as a result of that initiative an entire network of vocational schools has developed.

I happen to think it has made a remarkable contribution to education for a third or more of our young people, and the records show that more than half of our high school students take at least one vocational course. I think what I am suggesting is sometimes we lose perspective as to whether the Federal activity has stimulated change without necessarily controlling.

So I would say it has been remarkably successful and if there is any question it is, how does this major strategy now adjust to what I think are some new demands and become more pervasive in the schools so all children understand they have to work as well as they can. These should not be seen as conflicting.

I add a notation that the Federal dollars I think have driven State dollars and an entirely new dimension of schools has developed that I think has helped a lot of young people who otherwise might not have been helped. I thought that footnote might be important. Now we have to figure out strategies for the future that will be equally effective.

Mr. NATCHER. All right.

Mr. Stokes, I yield to you.

Mr. STOKES. Thank you, Mr. Chairman and Dr. Berry.

Dr. Berry, one of my special concerns has been the TRIO program. Let me recite a little history and then pose a question to you. In 1977, the appropriation for TRIO was $85 million. In 1978, the Administration proposed a budget of $70 million, and, according to an amendment I sponsored, this subcommittee raised it to $117 million. In the following year, the budget request was $115 million. This subcommittee again raised that to $140 million. This year, I see that the budget request is $10 million below the $140 million that the subcommittee recommended last year.

Unless I have misinterpreted the fact that there is still a large group of eligible youngsters who are underserved or not served at all, I simply cannot understand why this administration continues, in light of this national disgrace, to request funding lower than this committee thinks it ought to be. What is your explanation?

Dr. BERRY. In the first place, I agree with you that there is still a major problem of providing educational services for the disadvantaged and that it is even a more critical problem given the fact that in our student aid programs we provide aid for the students to attend institutions. If we are worried about their retention in the institutions in the program, we ought to be concerned about special services for them once they are there.

We also ought to be concerned about identifying them early through talent search and through Upward Bound and seeing them through. So it is a major problem and we recognize that. The only explanation for our budget request is that what we had to work with is a budgetary policy and not a substance policy, a figure of $140 million. It was determined already there would not be major increases in this budget and we tried to balance the interest and concern in starting up the new biomedical program which, as you know, is also targeted on minority students in cities and is a focus of our concern about the declining numbers of minority students who are even applying to medical schools or going into the sciences.

So we decided to fund that with $3 million. Then we took the other $7 million, adding it to the $140 million, and we looked at our professional opportunities program and there is a desire to put an increase there which also focuses on minorities, trying to get them into graduate schools. So it was simply a budgetary tradeoff problem and it was not an answer that said we did not think the program was not important.

That is the only answer I can really give you.

Mr. **Stokes**. I had posed a similar question to Secretary Califano when he was here.

Dr. **Berry**. I hope he said what I said.

Mr. **Stokes**. His answer was essentially the same. He did say, however, and I will also ask you about it, is that since the Bakke decision there have been fewer minority students applying to medical school. Is that a fact?

Dr. **Berry**. That is right. That is the information we have.

Mr. **Stokes**. Would you attribute it directly to the Bakke case?

Dr. **Berry**. You never know on these matters and there has been speculation. It is much like asking why kids do not read and write as they used to. But some people who are experts believe that some students were discouraged from applying because they did not understand what the decision meant, and thought there were no programs to which they would be admitted, so they simply did not apply. This can be a factor. We do not know.

TITLE I FUNDING

Mr. **Stokes**. In your testimony, you refer to the Title I program. This was another program that the administration asked us to hold the line last year, and our committee, in its wisdom, recommended an additional $100 million for the Title I program. Have you been able to use the additional funds?

Dr. **Berry**. Oh, yes, indeed.

Mr. **Stokes**. I did not see any reprogramming or rescission request.

Dr. **Berry**. In Title I? No, you will not see such requests of that kind in Title I.

Mr. **Stokes**. I am glad that the wisdom of this subcommittee prevailed.

Dr. **Berry**. We are always happy to see the wisdom of the Congress prevail.

PROGRESS IN READING

Mr. **Stokes**. You mentioned a few moments ago helping children to read. One of my concerns is that today children who are functionally illiterate frequently graduate from high school. I think New York has a law that says in order to graduate from the 12th grade a person must read at the 8th grade level. I question why one must keep them in school 4 more years under that type of law. Is any progress being made with respect ot graduating people from the 12th grade who can read?

Dr. **Berry**. We are making some progress if you look at the overall picture, but it is true, as the information that you cited explained, that there are still large numbers of youth in the country who do not read at the level they should be reading when they are ready for high school graduation. This is even more a significant problem with the minority groups.

The cities are still more depressing. It is also true if you think about the Federal programs, Title I, for example, for the amount of funding that is there it is focused on the first three or four grades but there are no monies going to the students once they get beyond, so you have a whole area after those few grades where the issue is, how do you continue the progress made in the early programs, and do you lose out somewhere along the way? We have been looking at what goes on in junior high schools but the short answer to the question is, that there are still large numbers of 12th grade students who cannot read anywhere near their grade level.

Mr. **Stokes**. At the time I sponsored that amendment to put $100 million into the Title I program—Mr. Michel and I had a great deal of dialogue on that issue, part of my argument was the fact that there is a large concentration of youth not being affected by the Title I program in grades 4 to 12 and that with proper funding those youngsters could be helped. Is that correct?

Dr. **Berry**. If there were full funding of it, one could. The fact that it goes through grades three and four is because there is not enough money to fund the other grades and it is thought that you get the maximum amount of progress if you start at the beginning as opposed to starting in the middle or at the end.

Mr. **Stokes**. I have one additional question, Mr. Chairman.

With regard to the competency tests being given to high school graduates, have any evaluations of the effectiveness of those programs been performed?

Dr. **Berry**. We have a number of studies going on in NIE that are looking at the minimum competency tests as they are given around the country to see what the results are and how they are given. We are giving technical assistance to people around the country through the Office of Testing and Assessment and will through the new program in NIE. Others may wish to add something, Mr. Stokes. Competency testing, in my opinion, has arisen as a national movement because of concern about the perceived decline of quality in education. In other words, it is a sign of concern about these deficiencies that we have talked about, and the competency testing movement signals a lack of public confidence in education. That is really what it is all about.

The movement has to be watched very carefully to make sure the kind of resources are made available to children so they have an opportunity to learn before they are given the tests, that the tests are fair, that the public school system discharges it's responsibility to educate them, and that competency testing does not become the mechanism for pushing students out of schools.

Dr. Graham, do you want to add anything?

Dr. **Graham**. I would simply add that we are underway in a process now to describe what these minimal testing programs are in the 30-some States that have them so other States may know and so that the tests cannot be used to push children out but can be used as a way to help children learn, which is really why you ought to test in the first place.

On this question of what competencies we are testing, to pass an examination at the time of World War I you had to read at a 4th grade level. There were large numbers excluded because they could not read at that level. We made a lot of progress up to the 4th grade level. Now the difficulty is one needs to be able to read much further beyond the 4th grade level, and it turns out it is very difficult to deliver that kind of reading comprehensive skill to a whole populaton. Internationally we are doing pretty well, but not doing well enough.

Mr. Stokes. Thank you very much.

Thank you, Mr. Chairman.

Mr. Natcher. Mr. Early.

Mr. Early. Thank you, Mr. Chairman.

Doctor, do you know what part of this request is reimbursement to States and which part of it is administrative expenses?

Dr. Berry. What part is salaries and expenses?

Mr. Early. Yes, how much is salaries and expenses.

Mr. Pickman. $128 million for salaries and expenses.

Mr. Boyer. I think the Office of Education figure is being given to you, less than 1 percent of the budget for the management here at the Federal level. There are some administrative expenses in categories that are built into certain programs that would be used at the State level, or the figure given as the Federal cost.

Mr. Early. The amount of this budget that stays here in Washington is $128 million.

Dr. Berry. Less than 1 percent of the budget, yes, sir.

Mr. Early. Last year we had a level of $2,044,000 compared to the 1979 appropriation of $2.6 million. Do you attribute that to fraud or abuse?

Dr. Berry. We project a decline in eligibility, which means there will be a decline in the numbers of students. If there is a decline in the number of students who are eligible the costs will be less. That is one way.

Mr. Early. Are you defining eligibility as to what inflation has done to take them over $25,000?

Dr. Berry. Right. And another is the carryover amount. There is also the number of students—you mentioned fraud and abuse. There have been some students who through the computer editing process were found not to be eligible. So we think the number represents an amount of money sufficient to take care of students eligible, but there will be a decline in eligibility.

Mr. Early. What is the carryover figure?

Mr. Voigt. The total amount we expect to be carried over from the current year is something like $560 million. In addition to that, we are speaking of $165 million to be available from the 1979 budget. Both figures would then be appropriated into 1980.

Mr. Early. How much did you identify as fraud during this period?

Dr. Berry. The numbers we have indicate that about 500,000 of approximately 2.3 million grant applicants were rejected.

Mr. Early. Can you give it to me in dollars?

Mr. Voigt. Roughly, from the earlier estimate, Mr. Early, we expect about $560 million to be available.

Mr. Early. I interpret that $560 million as $560 million unobligated.

Mr. Voigt. Right.

Mr. Early. My question is, how much have you identified as fraud in the program?

Mr. Voigt. You cannot. We do not have data at the moment to indicate what is fraud and what is student confusion, what is incorrect applications. It is just very difficult to say what portion of that carryover of unused funds is outright fraud. Much of it may be mistakes by students. The systems are complex so that they may not understand what they are being asked for.

Mr. **Early**. We have not caught up in the 4 years I have been here. We cannot keep having excuses.

Dr. **Boyer**. May I add to this? For the first time last year we screened those who were applying for basic grants. Up until that time there was no effort made to check the applications. Whatever a student put on the application to qualify was accepted on its face. This year for the first time, an effort was made to verify the statements of eligibility students were claiming. Out of that first net, 1.4 million, about 40 percent of all the applications, was rejected for one reason or another by the computer, and that may have been the result of failure to fill out fully the form, it may have been based on an ineligibility, whatever. The one thing we do know, of the ones rejected, 500,000 did not resubmit, which means for whatever reason they did not come back with the corrected form.

Mr. **Early**. Are you attempting to make any recovery?

Dr. **Boyer**. Those were just those applying. In other words, for the first time we were saying we are going to double check to see if they are eligible. What caused us to be suspicious, we found a number of students that were applying four and five times, in our judgment, looking for the magic combination, so we have required that they validate with IRS. The relevancy of this is we think the dollars will go farther and fewer will apply, but still we are saying we are going to serve all the eligibles. In other words, we can serve everyone who is eligible with less money. You add to that the recovery of those who had tried in the past to get money and had done it without verification, and maybe a reduction in the enrollments plus the carryover will provide full entitlement for all students, as the law requires, with less money.

Mr. **Early**. I see some conflict with the number when you suggest $560 million is unobligated and $165 million is from the 1979 appropriation. Then you suggest 40 percent of the applicants are ineligible.

Dr. **Berry**. That was the first catch. Then they reapplied once we sent it back and said, "Hey, we are rejecting, this is not adequately verified." Then we had a number of those that did fill out the form correctly and became eligible.

Mr. **Early**. Do you know what number of the 40 percent reapplied?

Dr. **Berry**. Yes, sir. All but 500,000 did reapply and became eligible.

Mr. **Early**. Forty percent represented what number?

Dr. **Berry**. 1.4 million.

Mr. **Voigt**. Yes, out of a total of 3.6 million applications.

Dr. **Boyer**. The first year we threw in the validation requirement 1.4 million were sent back saying, Your application is unacceptable. But 500,000 of those did resubmit, cleared up the application and became eligible, but we still caught a large number, 500,000 out of that figure, that did not submit. We assumed they were not eligible.

Mr. **Early**. On the BOEG program the administration is requesting a waiver on the requirement that the funding be at $370 million of the BOEG program. What is the status of the request? The NDSL program I also understand has problems.

Dr. Berry. It was supposed to be appropriations language, as I understand it, a waiver, and I am not sure whether it has been sent up here or not. Whether it has in fact been sent I do not know.

Mr. Forbush. The appropriation language does contain the appropriate request for point-of-order language required for the 1980 Appropriation Bill. We are also working on a bill that would do the same thing in the authorizing statute itself that should have been up here last week but it was not quite cleared by OMB.

Mr. Early. Doctor, that work-study program I understand received excellent evaluations. That is level funded for 1980 despite the fact it provides jobs.

Dr. Berry. We agree it is a fine program and that in fact it is consistent with our philosophy that students ought to be encourged to work to pay part of the cost of their education and the jobs should be generated for them. It is purely a budget decision to come up with the level funding.

Mr. Early. Wouldn't we be better off increasing the funding there and cutting funding in some of the unproductive programs?

Dr. Berry. I am not sure which programs I would identify as being nonproductive.

Mr. Early. I think there would be a lot of them.

Mr. Voigt. From 1978 to 1979 the funding for that program increased by $115 million, so that institutions are now in the process of trying to get jobs for a very large number of students. I think we have to look at whether they can do that and effectively spend that money and be as comfortable as they can, before we suggest added increases in work-study in future years.

Mr. Early. I thought the report was that it was working very effectively and was achieving the goals and also that they had potential to expand it.

Mr. Voigt. They did. But the impact of the added $115 million really does not hit until the coming academic year, so we are just not at this point that comfortable that they are going to be effectively able to spend all that money to include this budget in the future.

Dr. Berry. There are some institutions—I have had discussions with some presidents that have had trouble generating the number of jobs that would be appropriate for the students on campuses in terms of identifying which categories of jobs and generating numbers of jobs. It is a minor aspect of the whole picture. On the whole, the program, as you point out, is working very succcessfully. There is this factor also.

FUNDING DESEGREGATION

Mr. Early. You said in desegregation that we were moving more towards voluntary efforts?

Dr. Berry. Yes, and flexible approaches to desegregation. There is a substantial loosening in the new language of the New School Assistance Act. What I meant was increasing the funding, and we are able to provide funding for institutions that have voluntary plans as well as court-ordered plans to desegregate.

TEACHER STRIKE IN DISTRICT OF COLUMBIA

Mr. **Early**. Would you comment on Mr. Michel's question about the strike going on in the District?

Dr. **Berry**. I deplore it.

Mr. **Early**. Has there been any Federal funding cut off?

Dr. **Berry**. Absolutely not. All it would do would make matters worse instead of better. The hope is strikes here and elsewhere will be settled and the kids can go back to school and receive the services they should.

Mr. **Early**. As deplorable as it would be, wouldn't we be better off as far as long-range planning to cut off all Federal aid. It would make the situation worse but it might prevent the situation from continually recurring, which is what is happening.

Dr. **Berry**. We have the pleasure, I suppose, of not being directly responsible for the schools.

Mr. **Early**. We cut off aid in Massachusetts in desegregation. We thought that was right if they were not complying with the law. If they are not complying with the law here, we are not penalizing them in any way. We spent money for long-range planning. We are constantly increasing it, and yet you make a comment that children do not read and write any better. We must be doing something wrong.

Dr. **Berry**. I agree.

Mr. **Natcher**. Mr. Michel.

Mr. **Michel**. I have a little bit different theory about why you may not be asking for an increase in work-study, because you are going to have a carryover and we make it so easy for everybody to get an education with a basic grant and everybody wants to study and nobody wants to work. I would wager every member of this subcommittee worked at the time he went to college. I worked a full work week while taking a full load of courses. It did not do me any harm. I just have a theory about why we are not having so many taking advantage of a work-study program these days, and it is because we made it too easy just to go without working.

Dr. **Berry**. Mr. Michel, I just notice that we share at least one thing in common. I also worked 40 to 60 hours a week while taking a full load throughout my whole undergraduate and graduate and law school career. So we share at least that in common.

Mr. **Michel**. I could have assumed that from the way you handle yourself. There is something about making that little extra effort; you just appreciate all the more what you have .

Mr. **Natcher**. Dr. Berry, we understand that 34 States have begun programs requiring competency testing in basic academic skills. Why is there so much interest in this matter of testing in recent years?

Dr. **Berry**. We believe that the interest in testing is generated because of a valid public concern about the decline in student achievement and the quality of education, a valid public concern with falling test scores and an attempt on the part of the public in various States to have some kind of accountability measures. Also there is a desire of employers to know that students who graduate know how to read and write and count at an adequate level. The interest then is a reflection of these concerns, Mr. Chairman.

Mr. Natcher. There appears to be growing resistance among taxpayers in supporting certain increased costs in education, as you and I know. What role does the Federal Government have concerning the problem of school finance, generally speaking? What would you say, Dr. Berry?

Dr. Berry. It is not a Federal Government responsibility to pay a large share of the basic costs of education in the country. It still should be done by State and local people and we should continue to focus on targeted areas that are part of the Federal role and mission. Under the legislation that has been enacted by the Congress we do have a responsibility for providing advice, technical assistance, research and studies on appropriate ways of seeing that equal financing is provided for services in these districts. We have a school finance project underway in HEW, authorized in the amendments of 1978, to find better ways to five information about financing education in the States and local governments.

We will help and assist them. We will not take on the burden of paying for State and local costs.

Mr. Natcher. Dr. Berry, enrollment in elementary and secondary schools is projected to decline from 49 million in 1976 to 45 million in 1986. What problems for local schools will occur if these projections are accurate?

Dr. Berry. The projections are more than likely to be accurate because we cannot do anything about decreasing births. Fewer people will be at the school age. They would have had to have been born before now or in the process of being born. Some schools are already experiencing these difficulties. They have to face choices about closing schools that are no longer needed, shifting pupils around, and finding new uses for school buildings in the community. In some places they have talked about turning schools into one-step shopping centers. They will have to learn how to manage decline. I might point out that projections indicate there will be an unevenness across the country as to when these declines will take place. In the Sun Belt there will continue to be large numbers of students in elementary schools over the 10-year period, so they won't be facing the same problem, but there are other parts of the country where they will face it. There they will have to make some difficult choices in converting schools to other uses to serve the community.

Dr. Ellis. There is a saying every time is a good time if we but know what to do with it. One of the good features is that we can concentrate on quality and improving the level of education for each student. It gives a breathing space. We have gone through such an era of expansion that we now have an apportunity to concentrate on quality, so there is some benefit. I would also add we in the Office of Education are giving careful attention to this issue. In fact, this afternoon we will have a meeting with the major organizations such as the PTA, the School Administrators Association, NEA, AFT, the large educational associations. This topic of declining enrollment is a central part of our agenda.

Mr. Natcher. Thank you, Dr. Ellis.

What do you see as the major challenge now facing institutions of higher education?

Dr. **Berry**. The major challenge to institutions of higher education, as soon as they figure out what to do about Title IX and football, the major educational challenge is to figure out what to do about managing decline, as my good friend Dr. Kenneth Bolding at the University of Colorado likes to put it. The same demographic factors you mentioned previously indicate there will be declining enrollments in higher education. They are learning they will have to start serving nontraditional populations—there are more and more adult learners requesting to be served. This will require faculties willing to teach in the evening and not just in the morning and afternoon.

There is a service needed by the society, and they must learn to convert so they can provide this service. Some of them may get smaller because of declining enrollments, and others may close because they are seen to be no longer needed by society. But in overall terms they must learn how to manage decline. The major overall problem is we must find a way to enhance the productive capacity of our universities in this country, especially the research universities that create new knowledge that will be taught in years to come.

Mr. **Natcher**. In 1968 tuition charges at public institutions of higher learning averaged $283. Ten years later, in 1978, tuition was $575. In 1968, tuition at private institutions, averaged $1,300, and in 1978 rose to over $2,700. Dr. Berry, have these increased costs had any effect on student access to higher education, or have most families tried to absorb these increases?

Dr. **Berry**. We have, as a matter of Federal policy in the student aid programs, increased the amount of support that has been made available to students over those years while costs were escalating. Most recently, with the Middle Income Assistance Act, we now provide, as you know, subsidized loans without regard to income to try to absorb some of that cost. Parents have had their choice of institutions for their sons and daughters affected by the costs of the institutions, and consequently there have had to be some adjustments. It is also true that the higher costs of higher education have not increased any more rapidly than incomes.

I know this is a matter of controversy, but there are some data that seems to show that while the cost of education has gone up, salaries have gone up. Indeed, we know that the cost of everything else has gone up too. But we have student aid programs that have absorbed much of the costs of these increases, Mr. Chairman.

Mr. **Natcher**. Last year HEW advised our committee that vocational education was one of the Department's "least effective" programs. The 1980 budget proposes $674 million, the same as appropriated for 1979 for vocational education. Why not cutback in this program according to the advice we have had from HEW that it is one of the least effective programs?

Dr. **Berry**. Mr. Chairman, Secretary Califano and I believe that vocational education has made a great contribution to society. It is a very popular program, as you know. It has expanded opportunities for students. More than one third of the students in this country in high school take some vocational courses. It should be attractive and it is. When we said it was the least effective program, we meant that is is not targeted to the areas of the highest unemployment. We are very concerned about youth unemployment in this country and especially pockets of youth unemployment in certain cities in this country. Vocational education programs have not seemed to have been targeted on this population group and have not helped with the problem in the past nor at present.

That is what we meant when we said it was one of the least effective programs. We have level-funded it because it is popular. It does serve large numbers of students and it has been overmatched by States and localities by about 8 to 1.

Dr. **Ellis**. May I add?

Mr. **Natcher**. Go ahead, Dr. Ellis.

Dr. **Ellis**. I believe we have clarified our statement, as Dr. Berry mentioned. I would like to say on a personal basis that I have contacted superintendents of schools in a number of vocational schools and I can attest some of the most effective education in America is appearing in vocational schools. In fact, I have walked down the streets of Columbus, Ohio, and have been stopped by a parent on the street, and with tears in their eyes they have said: "Thank you for saving my son or daughter."

I think it is fair to say that it is a mixed picture, but overall I think we have to be very careful not to have a blank condemnation of vocational education because in many areas it is the most effective education we have in America. We do have, as Dr. Berry said, education better targeted on the handicapped, minorities, women, and in other areas, but overall it is an effective program.

Ms. **Beebe**. For the record, Mr. Chairman, I would like to submit, if I might, some of our evaluation study information which indicates that the vocational education program has been effective in increasing the numbers of programs available for the disadvantaged and the handicapped. Those are areas where the States had not put large dollars and the Federal funds have been very effective in initiating, expanding and improving those programs for special target populations.

Mr. **Natcher**. You submit that.

[The information follows:]

Study of Vocational Programs for Disadvantaged Students*

A recent study assessed programs for the disadvantaged under the State set-aside grant program and Part A, Section 102(b) providing 100 percent funding of vocational education programs for the disadvantaged. The study involved 23 States, 77 communities including 55 local education agencies and 22 community college districts. Eighty-four projects were visited, including 62 secondary and 22 postsecondary.

Findings indicate that State and local administrators have difficulty in interpreting the congressional definition of "disadvantaged" because: (1) they see an apparent conflict between the identification of students on an individual basis and the designation of target areas or groups; (2) they cite the existence of allegedly conflicting definitions of "disadvantaged" contained in laws other than the Vocational Amendments of 1968; and (3) local administrators indicate they are unwilling to "label" students as disadvantaged. The most common criteria used to identify disadvantaged students was academic, that is, students who are one or more grade levels behind their peers.

The vast majority of the Federal funds were used to hire staff who work directly with studetns. Only a small portion of funds were used to hire administrative personnel and the result appeared to be that the program suffers from lack of planning and monitoring at all levels.

The States generally had only one person supervising these programs and little time was available for planning, monitoring or evaluating programs. In States where education agencies were subdivided into regions, program monitoring and evaluation appeared to be more complete and program officers were familiar with the programs. Sixteen of the 23 States, 70 percent, required local education jurisdictions or schools to submit proposals to the State, according to established guidelines, and funded projects on the basis of the quality of the proposals and the ability of the sponsors to carry out the projects. The other States funded on a block grant formula basis to a local education jurisdiction.

The major constraints in developing programs mentioned by respondents at all levels were: lack of funds, lack of facilities, unwillingness of some instructional personnel to accept disadvantaged students into their classes, the negative image of vocational education and ambiguity of the term "disadvantaged student."

About 46 percent of the enrollment in high school projects was minority; characteristics information by race and ethnic background was not available for 51 percent of the postsecondary enrollment. Of the known postsecondary-level enrollment, 22 percent were minority and 27 percent white. Women comprised a slightly higher percentage of the total high school enrollment than men; the opposite was true at the postsecondary level. However, characteristics by sex were unavailable for 34 percent of the postsecondary enrollment.

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*Annual Evaluation Report on Programs Administered by the U.S. Office of Education Fiscal Year 1977, prepared by the Office of Planning, Budgeting and Evaluation, Office of Education, Department of Health, Education, and Welfare, Washington, D.C. (pp. 411-413).

The fact that half of the project directors interviewed did not believe that the students enrolled in their classes were disadvantaged raises serious questions. At the school level, little criteria existed for identifying disadvantaged students and a corresponding lack of adequate assessment procedures for determining the conditions which cause school failure.

Nearly half of the secondary enrollment (47 percent) were in world-of-work projects; 47 percent of the postsecondary-level students were enrolled in remedial programs. The latter were often enrolled in skills training programs not funded out of Part B set-aside or Section 102(b) funds. In such cases, disadvantaged funds were being used to support students enrolled in regular programs.

Almost half of the high school students were enrolled in work experience programs, indicating that it was not difficult to place disadvantaged students in work situations. However, the vast majority of students enrolled in work experience programs (86 percent) were not receiving skills training in school.

According to the 442 work experience students interviewed, the tasks they were performing on-the-job were in low-skill, low-pay, and high-turnover occupations. For example, 78 percent of the tasks listed in the food service category were waitress, food handlers, busboys and diswashers; 44 percent of the tasks listed under car maintenance were service station attendant, wash cars, and park cars; 80 percent of the jobs listed under child and hospital care were to take care of patients (give baths and so on) and child care or babysitting.

There are positive outcomes for the programs. Program costs at $395 per enrollee (Federal Costs) and $401 per enrollee (combined Federal, State and local) were low. The average completion rate (83 percent) was high. The student participant ratings of the programs were overwhelmingly favorable and the employer ratings of the programs and their student employees were also favorable. Administrators generally attribute the favorable rating of students to the fact that enrollees do receive attention they have not received elsewhere.

An Assessment of Vocational Education Programs for Handicapped Students*

The study reviewed the operation and administration of the Part B set-aside for handicapped students in 25 States, selected randomly with a probability proportionate to total enrollments in the 50 States. A total of 92 projects were visited for the project level assessment. A total of 1,000 student and parent interviews was conducted in five of the sample States, 681 with students currently enrolled and 320 with students who had completed projects. A sample of participating and nonparticipating employers were interviewed.

Findings indicate that Part B set-asides have resulted in projects which would have never occurred had there been no such legislation. About 93 percent of the funds were used to provide direct services to students. Cost and outcome data were seriously deficient at both the State and local levels. However, according to what data was available, including results of the student, parent and employer interviews, the program appeared to be working well. Costs per student and completer were not excessive and placement rates ranged from 48 to 60 percent for completers. About 33 percent reenrolled in school, and only about 15 percent of the completers were unemployed.

There is little long-term planning at the State or local level. Planning was limited to review of project proposals and decisions as to which proposals would be funded, generally on the basis of the sizes of school districts and other formulas. Factors which mitigated against planning at the State level were the independence of the local education agencies and the fact that only one person was assigned at the State level to administer the set-aside program.

At the project level, vocational and special education staff worked closely together to provide training and services to students. Those vocational staff who worked with handicapped students generally had no special background for working with handicapped students and desired such training. Few examples of individualized instruction were found, except to the extent that "hands on" vocational training was practiced. Although most local administrators indicated that it was the school district policy to integrate the handicapped with regular students, about 70 percent of the students enrolled were in "special" classes. A constraint to "mainstreaming" the lack of experience in dealing with these populations appeared to be a problem. School administrators were often not sure how to mainstream students and retain separate files for auditors and reporting systems. States in Region V appeared to be further along in integrating classes.

One of the most often mentioned constraints limiting the expansion of vocational education programs for the handicapped was the reluctance of teachers in regular classes to accept the handicapped, or the inability of teachers to instruct handicapped students.

Two-thirds of the training provided under the set-aside programs was nonskills training, that is, training not intended to prepare students to compete in the open labor market in any given skill, craft or trade.

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*Annual Evaluation Report on Programs Administered by the U.S. Office of Education Fiscal Year 1977, prepared by the Office of Planning, Budgeting, and Evaluation, Office of Education, Department of Health, Education, and Welfare, Washington, D.C. (pp. 414-415).

Half of the students enrolled in this type of training were in prevocational training. Others were enrolled in diagnostic centers, mobility training, nongainful home economics, industrial arts, tutoring and sheltered workshop programs. About 12 percent were trainables. Of those enrolled in skills training, the vast majority were in trade and industrial courses, mainly for men. The range of occupational offerings for women was extremely narrow, and was confined mainly to home economics (much of which was not gainful), and health occupations.

In half of the projects included in the project sample, at least some students were referred into work experience programs. Most of the work stations were unskilled work activities and were intended mainly to provide students with "work experience."

Only a few projects conducted a thorough assessment of the educational needs of the handicapped students referred to the program.

The case study interviews indicated that both students and parents expressed extremely favorable attitudes toward the projects in which they or their children were enrolled.

Participating employers expressed favorable attitudes toward the program. Three out of four participating employers rated the performance of handicapped students and/or completers "as good" or "better than" regular workers in each of the eight performance scales. Unlike participating employers, nonparticipating employers expressed the belief that it would be necessary to effect radical changes in their working environments if they were to hire the handicapped.

Dr. **Berry**. If I may add——

Mr. **Natcher**. Go ahead, Dr. Berry.

Dr. **Berry**. We hope that these new set-a-sides for the disadvantaged and the handicapped will leverage more funds into that area. I have heard disturbing rumors that some of the States may not use the money in those set-a-sides because it requires matching by the States. But, we are still hopeful that the Federal money will leverage more money into the targeted areas.

Mr. **Natcher**. Would you recommend a merger of vocational education with the CETA program?

Dr. **Berry**. I would not recommend that as a policy of the Administration, Mr. Chairman. They have very different purposes. CETA, as you know, goes directly to the cities and vocational educational programs go to the States. I would point out, though, that the Department of Labor and HEW have established an interagency agreement and have a joint memorandum of understanding which provides for coordination of the CETA programs and vocational education at present.

We are hopeful that that coordination will work and we will not be faced with the issue of consolidation of the two programs. I would not recommend their consolidation.

Mr. **Natcher**. Mr. Stokes.

Mr. **Stokes**. Thank you, Mr. Chairman.

I think I have just one or two questions and I would like to make reference to the vocational education testimony we have just received. Dr. Berry, in making the evaluation that vocational education programs are the least effective programs, are you basing that upon Departmental evaluations made of these programs around the country?

Dr. **Berry**. The evaluation, as Ms. Beebe and Dr. Ellis pointed out, would indicate that the program, on areas in States where it has been targeted traditionally, it has worked for those students. The final word, I hope will be said when we get the results of the NIE evaluation which the Congress authorized. They are doing a big study of vocational education which will be finished in 1981. It will give us the final word. The evaluations we have available now indicate it does work for the students who are served by it. Our concern is that from what we could see, it is not effectively serving those large numbers of youths who are unemployed and walking the streets. This is a major priority of this administration. When we say it is not effective, we mean it is not effective in being targeted on them, and we are hopeful that these new set-a-sides will leverage more money into these areas.

Mr. **Stokes**. Do you not have to base that upon some kind of evaluation? That is not just off the top of your head?

Dr. **Berry**. Oh, I see. That was based not only on our own firsthand observations of the problem, but one study done by a contractor in the Bureau of Occupational and Vocational Education and a joint study with the Labor Department and OE which indicated that black attitudes and feelings about the vocational educational services in their community were that it was not serving the students. They cited instances when schools were not available.

Also the findings that we have on education, as it exists in certain cities in our country, in connection with civil rights enforcement, indicate that vocational education schools are generally not available in the parts of the city where they are needed. If they are available, they in fact do not have the most up-to-date programs or equipment. We base our suggestion that vocational education is not effective for these groups on this evidence. But, we will not know the final word until we get the NIE study in 1981.

Dr. **Ellis**. One of the concerns about vocational education is the accusation—I do not say it is entirely well founded—that vocational educators tend to be a bit rigid and they do not move into the new society and do not target on minorities and the handicapped and women and breaking down some of the barriers that have traditionally existed. That is a concern. It is documented in part but it is not totally applicable. You are well aware of the major vocational programs that have had a substantial link to the world of work and have done an outstanding job, but there are still too many unemployed youth, too many students not brought into the system, and we are trying to get vocational educators to be more responsive. There is a gap that has to be closed.

Dr. **Berry**. I am told current evaluations show that 22 percent of the population that needs vocational education services, is in the cities and only 10 percent of the facilities that even offer vocational education are located in cities.

Mr. **Stokes**. I am particularly interested because this is an area in which I do not mind telling you I have been lobbied very heavily by the vocational educational people in my State that not only need current resources but need more money. They say in Cleveland and East Cleveland they are having some impact upon targeted unemployment situations. I need to know more about it so that I can make the proper evaluation.

Dr. **Berry**. We will provide for you the exact number of vocational educational facilities and the people they are serving in Cleveland, if that will help you.

Mr. **Stokes**. I will certainly appreciate that.

[The information follows:]

Vocational education in Cleveland

Number of facilities:	
Comprehensive high schools offering both regular and vocational education	12
Vocational education high schools	4
Vocational class/lab rooms	400
Enrollment:	
Secondary students	9,000
Adults	4,000

Mr. **Stokes**. Thank you, Mr. Chairman.

[The following questions were submitted to be answered for the record:]

HIGHER EDUCATION ENROLLMENT

Mr. **Michel**. What is the current total enrollment in higher education, and is that up or down from last year?

Mr. **Kornfeld**. According to the latest information collected by the National Center for Education Statistics, total enrollment in Fall, 1978, at institutions of higher education totaled 11,354,756. This is a 0.5 percent decrease from the 1977 enrollment of 11,415,020.

BASIC GRANTS RECIPIENTS

Mr. MICHEL. The 2.7 million students estimated to receive Basic Educational Opportunity Grants in the fall amount to about a quarter of the total enrollment. Is that correct?

Mr. KORNFELD. The Basic Grant cost projection model has as input the distribution of enrolled undergraduate population by income level. These figures are projected to the appropriate year for which an estimate is done using National Center for Education Statistics (NCES) enrollment projections or the application of factors implied by current enrollment trends. The total 1979-80 undergraduate enrollment currently being used by this model is approximately 8,726,000. This figure is lower than preliminary NCES 1978 opening fall enrollment of 11,355,000 because it has been adjusted downward to eliminate students who are not enrolled at least half-time, an eligibility requirement for the Basic Grant program.

When one considers the fact that the NCES figure includes almost 4.7 million part-time students, of whom we estimate approximately 45 percent are less than half-time, the two figures compare very well.

To respond to your specific question, the answer is that if one adjusts for the fact that several million students are not enrolled at least half time and are therefore not considered to be in the eligible pool, we are estimating that more than 30 percent of the undergraduate population will receive a Basic Grant during the 1979-80 award period. If this adjustment is not made, then it is true that approximately one quarter of the total enrollment will receive a Basic Grant.

Mr. MICHEL. Are the other three quarters all above the income eligibility limit for BEOG's?

Mr. KORNFELD. The answer to your question is not a simple yes or no. Eligibility for a Basic Grant is determined by a formula, called the Family Contribution Schedules, which takes into account a fairly detailed level of the financial situation of the student and his or her family. The formula considers not only the income, which is of course a primary consideration, but also the family size, the level of family and student assets, any special educational benefits available to the student, the number of children in the family enrolled in postsecondary education and a variety of other factors which contribute or detract from the family's ability to pay for a student's postsecondary education. Because of all these factors, it is not possible to specify an exact income level at which a student in general becomes ineligible. You have probably noticed that when we specify an estimated award for a given income level, we also specify other family and financial characteristics which are assumed.

The following table compares the hypothetically enrolled population by income level assumed by the Basic Grant cost projection model with the hypothetically eligible population in each of those income levels. Please note that these figures are not adjusted to account for those students who do not apply or, for other reasons, do not actually receive a Basic Grant award. We refer to this adjustment factor as "participation rate," which current 1979-80 cost estimates assume to be 66 percent.

ESTIMATES OF STUDENTS ENROLLED AND ELIGIBLE FOR BASIC EDUCATIONAL OPPORTUNITY GRANTS

Income	Thousands	Thousands	Eligibility rate (percent)
$0 to 10,000	1,654	1,343	81
10,001 to 16,000	1,538	989	62
16,001 to 20,000	1,277	684	54
20,001 to 27,000	1,630	757	46
27,000 +	2,567	297	12
Total	8,726	4,070	47

This table shows that, as can be expected, the proportion of students who are eligible decreases with increasing income. However, there are students who are ineligible at incomes lower that the general $25,000 family income guideline. This fact is probably attributable principally to the asset position of the student or his family, but also to the fact that independent students who become ineligible at much lower incomes are included in this distribution.

BASIC GRANTS FUNDING

Mr. MICHEL. Do I understand that the amount we appropriated last year for BEOG's is enough to fully fund the program at the maximum award levels, even though there was some doubt last year?

Mr. KORNFELD. The fiscal year 1978 appropriation which covers 1978-79 Basic Grant awards was $2.140 billion. When the original cost estimates for the fiscal year 1978 were made several years ago, we were assuming a participation rate of 87 percent. This assumption was based on an actual participation rate of 85 percent in fiscal year 1976 and what was expected to be 85 percent in fiscal year 1977. Had this assumption held, an appropriation of $2.140 billion would not have been sufficient to provide full funding awards for the 1978-79 award period.

However, due to a variety of reasons which I will subsequently mention, it appears that the participation rate, that is, the ratio of actual Basic Grant recipients to model-predicted theoretical eligibles, is going to be approximately 66 percent. This means that even if the program were fully funded this year, awards to students would probably have been approximately $1.8 billion. It may be important to mention the fact that reducing the maximum award from $1,800 to $1,600 under an $1,800 award ceiling has no impact on the estimated number of recipients.

Since 1978-79 was the first year which the $1,800 maximum award became effective (it was previously $1,400), a sizable increase in the eligible population was expected. However, a combination of the introduction of Multiple Data Entry, a process whereby a student could file any of four applications to be considered for a Basic Grant, and the introduction of stricter and more complete computer edits on application data appears to have caused a significant reduction in the number of 1978-79 Basic Grant recipients. Other factors which we feel may have contributed are: (1) a general decline in enrollment, (2) mandatory enforcement of academic progress standards at all institutions, and, (3) the fact that students eligible the previous year did not automatically receive Basic Grant applications in the mail as was done in previous years.

Mr. MICHEL. Your budget provides for $726 million "reappropriation" for BEOG's in 1980. Isn't this the same as a "carryover," and when did we begin to call it a reappropriation.

Mr. KORNFELD. This $726 million represents funds which are available from previous appropriations for this program. A reappropriation is counted as budget authority in the year for which availability is extended and therefore more clearly displays the funds which will be spent in that year. If we used the carryover process for the 1980 budget request, our budget authority would be confusing to the general public who would think that our program level funding had dropped precipitously from the year before.

Mr. MICHEL. In 1978, you are actually spending $561 million less than what we appropriated. This is not all due to efforts to reduce fraud and abuse, is it?

Mr. KORNFELD. There are a number of reasons which could account for the savings in the Basic Grant Program. Obviously, our more vigorous review and computer editing of student application forms has to be a major factor. However, it is not possible to determine the total effect of these procedures although we do believe that the data we are getting is much better than it has ever been.

In addition, this year we instituted a new process where a sample of students, selected both randomly and with pre-established criteria, must provide documentation supporting the data on their application form to their financial aid administrator before payment is made. Again we do not know precisely what effect this new process had on the expenditures in the program but we do believe that it was significant.

Other possible reasons for the savings could be a decline in enrollment, institutional establishment and/or enforcement of standards for satisfactory academic progress, and the complexity of forms as well as the entire student aid delivery system. Therefore, while there are many possible reasons for this savings, we do believe that our fraud and abuse activities were major factors.

Mr. MICHEL. Would you describe your fraud and abuse efforts in this program and how they result in savings?

Mr. **Kornfeld**. The Bureau of Student Financial Assistance (BSFA) performs systematic program reviews of the administration for six Federal student assistance programs at institutions of postsecondary education. Establishment of priorities in BSFA's annual selection of institutions to be visited for program reviews is based upon a variety of indicators of student financial aid management deficiencies which are periodically obtained from the Bureau's data system. Of the seventeen indicators used to select institutions for review in 1979, six were drawn from the Basic Grant reporting system. During fiscal year 1978, approximately 481 program reviews of postsecondary institutions identified $7.1 million in potential liabilities to the Federal government resulting from program error, abuse and fraud. Program review activities have been significantly accelerated during the current year. As of March 31, 1979, 543 of an estimated 1,000 program reviews scheduled for fiscal year 1979 have been completed. A total of $7.2 million in potential liabilities has been identified as a result of reviews completed through March 31.

Mr. **Michel**. There was recently a release from your Department on the high default rates in the Direct Loan Program. What kind of steps are you taking to bring down these rates?

Mr. **Kornfeld**. Secretary Califano set forth new initiatives in order to improve the overall administration of the Program including reduction of the default rate. The Secretary wrote to the presidents of all participating schools urging them to improve the administration of their programs and to comply with the requirements for following up defaulted loans.

In addition, the Office of Education (OE) published procedures allowing institutions to turn over older, hard-to-collect defaulted loans to OE for collection.

The Office of Education intends to take over the collection of older defaulted loans from the institutions. Simplification of procedures and guidelines will assist colleges and schools to assign to the Federal Government for collection loans that went into default more than two years ago. The same techniques will be applied to these loans that have been used successfully to collect the federally insured loans. By returning their older defaulted loans to HEW, institutions can devote more resources to collecting the newer loans they continue to hold.

During 1978, approximately 60 workshops were held be HEW regional offices for institutional financial aid and business officers on the requirements and procedures for "due dilegence" in the collection of loans.

The number of OE reviews of campus-based student assistance programs has increased. Last year, there were 500. For the first quarter of this Fiscal Year, there were 267, and estimated that over 1,000 will be conducted this year.

Mr. **Michel**. Is any effort being made to eliminate schools with high default rates from further participation in this program?

Mr. **Kornfeld**. A high default rate would not eliminate schools from participation in the Direct Loan Program. However, a high default rate could prevent schools from receiving further Federal Capital. Such institutions would be forced to collect defaulted amounts in order to make further loans.

Mr. **Michel**. What is the total amount of money under the program currently in default?

Mr. **Kornfeld**. The amount of outstanding principal in default as of 6/30/78 was $702,542,830.

OE Role in the HEW Adolescent Pregnancy Program

Mr. **Michel**. The Administration has proposed a new adolescent pregnancy program under the Assistant Secretary for Health. Will the Office of Education be involved in this program in any way?

Dr. **Boyer**. Yes, the Office of Education has already been involved in the program and the Office expects to continue these activities.

Mr. **Michel**. Have you been consulted with as yet about this program?

Dr. **Boyer**. There has been considerable agency activity in the adolescent pregnancy program for the past several years. OE staff, as a normal outgrowth of their long-standing interest and expertise in parenting and family life, have worked closely with staff in the Administration for Children, Youth, and Families and the Office of the Assistant Secretary for Health, as well as voluntary youth organizations, to provide regional office institutes, State leadership conferences, advanced seminars, and professional seminars in the area of teenage pregnancy.

OE expects to continue these activities and to work closely with the Office of Adolescent Pregnancy Programs in the Office of the Assistant Secretary for Health as it develops the new teenage pregnancy program.

Mr. **Michel**. Is the Office undertaking any effort to promote discussion and information in the school about problems relating to teenage pregnancy?

Dr. **Boyer**. During the past year, the Bureau of Elementary and Secondary Education conducted special conferences, institutes and workshops on adolsecent pregnancy and teenage parenting. It is planned that such efforts will continue under the new Office for Comprehensive School Health.

College Desegration in North Carolina

Mr. **Michel**. Is the Office of Education involved at all in the problem of college desegration in North Carolina?

Dr. **Boyer**. We are now involved with the Department's efforts to desegregate North Carolina's public higher education system. However, if the Department is unable to obtain an acceptable desegration plan thirty days from the day the State received the Department's notice of administrative proceeding, we will be involved in the Department's selective fund deferral process. The Department mailed the administrative proceeding notice on March 29.

Mr. **Conte**. I hear a lot about the proposal for a separate Department of Education. Is it true that the proposed new Department would have a Secretary, his or her staff, an Under-Secretary and his or her staff, and *seven* Assistant Secretaries and their respective staffs? Just the cost of all that staff would be high! Couldn't the objectives of Separate Department of Education be achieved through a reorganization of present, diverse Education agencies over at HEW?

Both the Administration and Senate proposals for a separate Department of Education include a Secretary, Under-Secretary and six Assistant Secretaries. As Mr. James T. McIntyre, Jr., Director, Office of Management and Budget, stated in his statement of March 26, 1979 before the House Government Operations Committee, the new Department will result in the elimination of 350 to 450 positions, saving $15–19 million.

In commenting on the suggestion that an Under Secretary of Education in HEW be established as an alternative to a Cabinet Department, Mr. McIntyre said: "Unlike a Secretary of Education, an Under Secretary would not be directly accountable to the President, the Congress or the Public. Creation of an Under Secretary of Education in H.E.W. would further complicate staff and line authority. An Under Secretary would not be as effective as a Secretary in achieving useful inter-departmental cooperation or access to the press and other important channels of information. In sum, we believe that a Cabinet Department is the best organization structure for education programs."

Mr. **Conte**. In a new proposed Department of Education, how are you deciding which functions would go to the Education, and which would remain in HEW? I have heard, for example, the Head Start would not be part of the proposed new Department. Is it not so that several education functions, e.g., Indian education, National Science Foundation (NSF) education, etc. would not be included in the proposed department? Would the proposed changes not lead to different kinds of confusion?

In general, the proposed Department would include the Education Division, other education-related programs within HEW, along with programs from five other agencies. Certain programs one might normally expect to be included in the Department have been excluded. For example, a decision on Indian Education programs administered by the Bureau of Indian Affairs has been deferred pending consultation with Indian tribes, and certain programs of the National Science Foundation were excluded because they were mission, rather than education, oriented.

Mr. **Conte**. What advantages do you see resulting from a Separate Department of Education?

In his March 26 statement, Mr. McIntyre described several advantages of a separate Department of Education, including: Increased top management attention to education; Improved accountability and responsibility for the operation of Federal education programs; and Improved links between education and other Federal activities.

Mr. **Conte**. I have often heard the argument that a cabinet level Department of Education would voice the needs of Education better than the present HEW Secretary does. Do you feel there should be a cabinet level Department of the Army to voice the needs of the modern-day army? Weren't Health, Education, and Welfare put together in the first place because the human services the Department delivers are best administered, however imperfectly, under one roof?

We must defer to the Department of Defense for the answer to the first question. With respect to the second question, the health, education, and welfare programs administered by the government at the time HEW was formed were considerably smaller in scope and smaller as a proportion of total Federal spending than they are now.

As Mr. McIntyre stated in his March 26, 1979 statement, he believed a problem with the current structure was the lack of management attention to education:

"H.E.W., with a budget of nearly $200 billion and over 350 programs, is by far the largest and most complex Cabinet Department. The health and welfare programs, which are closely related and account for 92 percent of the Department's budget, dominate the H.E.W. Secretary's time and attention. The crisis nature of health and welfare issues means that education matters which account for 45 percent of the Department's programs, are set aside. On several occasions, the President has expressed his concern that education issues had rarely been brought to his attention in Cabinet meetings or other discussions. He said that education issues took less than 1 percent of his time.

The Secretary of Education will be accountable to the President, the Congress and the public and he or she will spend full time on education issues."

VOCATIONAL EDUCATION FUNDING

Mr. CONTE. I have received a lot of mail about the low level of funding for vocational education, both from educators and manufacturers in my home district. I have heard that vocational education could very effectively and efficiently use up to $300 million. How did you arrive at your figure for vocational education funding?

Dr. BOYER. The fiscal year 1980 request for vocational education represents level funding from the fiscal year 1979 appropriation. But despite the scarcity of dollars this year, the Administration has tried to reflect Congressional support for this program by requesting this continued level of funding.

Mr. CONTE. Is it true in your professional judgment that vocational education could use more funds?

Dr. BOYER. As you well know, all increases must be counterbalanced with decreases. Given that and the scarcity of education dollars, it might be to our advantage to delay major increases in the vocational education program until the intensive evaluation study on vocational education has been completed by NIE. At that point, we would have a better idea of how to more effectively direct the use of these monies.

ESEA TITLE V-B STRENGTHENING STATE EDUCATIONAL AGENCY MANAGEMENT

Mr. CONTE. In the education amendments of 1978 the "old" Title IV-C was replaced by a "new" Title V-B. In drafting this bill an error was made and there was no "hold-harmless" provision inserted into the new legislation, which will mean that even with full appropriations the funds will not get out to the states. My state of Massachusetts stands to lose some $429,987. What do you propose doing to deal with this purely technical error?

Dr. BOYER. Proposed regulations have been developed which sets-forth the policy that if the $51 million is appropriated each State will be allotted an amount equal to the fiscal year 1973 level. If the appropriation is less than $51 million the amount allotted to each State will be ratably reduced. If more than $51 million is appropriated the additional funds will be administered as a discretionary program.

Mr. CONTE. A major concern of mine is that the handicapped get an equal chance at an education. What steps are you taking to guarantee that the handicapped have this right?

Dr. BOYER. The Office of Education has instituted a variety of activities to help assure compliance with the provisions of Public Law 94-142, the Act which mandates a free and appropriate education for all handicapped children. Some of the most important of these activities are the review and approval of annual program plans submitted by States as a pre-requisite to funding and the conduct of on-site program administrative reviews of State and local education agencies and programs for handicapped children. The Office of Education has insisted that annual program plans contain all the provisions of the Act as amended and that they be in full compliance with all Federal requirements. During fiscal years 1978 and 1979 State educational agencies (SEA's) had most difficulty complying with the due process provisions and with the requirement that SEA's be responsible for the general supervision of all education programs in the State. The Office of Education refused to approve plans which did not contain these provisions in appropriate form even though substantial resistance was encountered in a few cases. As a result, 18 States made legislative changes and 34 made regulatory changes in their due process procedures to bring them into compliance. In the area of SEA responsibility, two States made legislative changes and all States developed formal agreements among agencies educating handicapped children.

Program administrative reviews, which consist of week long visits by five-member teams from the Bureau of Education of the Handicapped, are conducted in half of the States each year. An average of ten local educational agencies and five State-operated programs for handicapped children are visited in each State. Thirty major provisions of the Act are carefully monitored for compliance. During the 1977-78 school year a total of 349 specific corrective actions were required of the State and Local programs visited. Verification of compliance has been documented in all but 30 instances, in which the corrective actions are not quite completed. In some cases, Office of Education teams returned to States in order to be assured that the proper procedures had been fully implemented.

Mr. CONTE. What success in this area can you report?

Dr. BOYER. The following points illustrate the degree of success which has occurred in this area:

(1) Major gains were made in coordination and development of education standards among State agencies serving handicapped children. More than 150 interagency agreements have been negotiated by State educational agencies during the past two years, usually between States and departments of health, mental health, human resources, and agencies serving the deaf and the blind. Twelve State educational agencies negotiated four or more agreements and thirteen negotiated three. As a result of these agreements and implementation of the Federal law by State-operated facilities, previously unserved children are now receiving special education and related services.

(2) On-site program administrative reviews conducted by the Bureau of Education of the Handicapped (BEH) reveal evidence of significant progress in complying with the major provisions of the 94-142 amendments. Last year, gaps were found in SEA policies and procedures in most States visited. This year BEH teams are finding policies and procedures in place. Problems uncovered this year are related to technical deficiencies at the local level. Last year, for instance, over 50 percent of the first 10 sites visited did not have individual education programs for all handicapped children. This year only four of the first 100 sites visited had children without individual education programs. Last year, waiting lists of children evaluated as handicapped but still unserved were found in over 40 percent of the first 100 sites visited as compared to only six this year. Last year, parents were found to be charged for related services in about 25 percent of the sites visited as compared to only five of the first 100 sites visited this year.

(3) The Federal mandate to serve school-age handicapped children together with Federal and State monitoring and interagency cooperation have stimulated rapid expansion and filling out of services to these children and the protection of their rights and those of their parents. Most States even with State legal mandates to serve school-age children did not have adequate funding or staff resources to implement their laws. Some States, such as Mississippi, the District of Columbia, and Ohio which previously did not have mandates, either passed new legislation or implemented court orders to serve these children. In addition, SEA funding has risen in many States. In Mississippi, for instance, the level of funding for educating handicapped children increased $13,000,000 last year to $35,000,000 for the 1978-79 school year. A provision also was added by the legislature that additional funds would be appropriated by supplemental legislation as unserved children are identified and assessed. In Alabama, 1,277 new teachers were hired this year. The level of SEA funding for education of the handicapped increased from $52,000,000 to $77,550,000 this year. An increase of $25,550,000 or 49 percent over last year's level.

(4) The Federal law has resulted in a major decrease in handicapped children being served in State-operated or supported residential facilities and has prevented the unnecessary institutionalization of other children. This decrease has taken place during the same period in which services have been initiated to thousands of previously unserved children housed in these same institutions. In 1975 over 100,000 handicapped children were served in State-operated or supported residential facilities. In the 1978-79 school year approximately 69,570 such children were reported served in these facilities.

(5) The frustrations and feelings of hopelessness experienced by parents of handicapped children for so many years have been markedly reduced. Each SEA now has in place a formal process by which parents of handicapped children can file compliance complaints. The process includes procedures to follow-up on these complaints and to enforce compliance.

(6) Formal individualized education programs have been written for the nearly four million handicapped children receiving special education and related services.

(7) Much more systematic and careful procedures are used by all agencies educating handicapped children and for evaluation and placement of such children. Tradi-

tional, pre-conceived placements of handicapped children according to type or severity of handicapping conditions are being eliminated.

(8) Systematic statewide child-find procedures have been initiated in all States. Major State and Federal efforts are underway to improve and enforce screening of children for handicapping conditions.

(9) The number of handicapped children receiving special education and related services has increased substantially after the passage of the Public Law 94-142 amendments to the Education of the Handicaped Act. The rate of growth from last year's average count to December 1, 1978 of approximately 4.4 percent is more than double that shown for the previous year—2 percent. The number of children reported increased by more than 155,500. Since the passage of Public Law 94-142, the number of children served has increased by more than a quarter of a million. Ten States have expanded the number of handicapped children served by more than 20 percent since the 1976-77 school year.

(10) Equal educational opportunity for handicapped children of lower and middle income parents has been assured under the protection of the new amendments. Parents often had to pay high tuition, room and board, and related services costs if they had handicapped children for whom an appropriate special education programs was not available in nearby schools. Now public agencies provide such services free of charge unless parents elect to have their children educated in special private schools.

DIRECT LOAN DEFAULTS

Mr. CONTE. I have read scary statistics about the high percentage of loan defaulters at some colleges and universities, including some right here in D.C. What steps are you taking to correct this problem?

Mr. KORNFELD. Secretary Califano set forth new initiatives in order to improve the overall administration of the program including reduction of the default rate.

In March 1978, the Secretary wrote to the presidents of all participating schools urging them to improve the administration of their programs and to comply with the requirements for following up defaulted loans.

In March 1978, the Office of Education (OE) published procedures allowing institutions to turn over older, hard-to-collect defaulted loans to OE for collection.

In April 1978, the Office of education contacted schools in the Title III, Developing Institutions Program with high default rates, offering them technical assistance and encouraging them to use their Title III funds to improve student financial aid administration.

In 1978 HEW published regulations aimed at improving the administration of NDSL and other campus-based programs. These include more frequent audits; minimum standards of fiscal and administrative capability for participating institutions; and, a formula that reduces the Federal NDSL contribution to institutions with high default rates.

During 1978, approximately 60 workshops were held by HEW regional offices for institutional financial aid and business officers on the requirements and procedures for "due diligence" in the collection of loans.

The number of OE reviews of campus-based student assistance programs has increased. Last year, there were 500. For the first quarter of this fiscal year, there were 268, and estimated that over 1,000 will be conducted this year. These reviews are designed to identify and correct problems in NDSL administration at institutions before they become serious.

Proposed regulations for the 1980-81 academic year that will set performance standards for the reduction of institutional default rates. The proposed regulation will provide that institutions which do not meet these standards will receive no further NDSL funds from the Federal Government. Performance will be evaluated on the basis of fiscal operations reports submitted for the period June 30, 1978 to June 30, 1979.

The Office of Education intends to take over the collection of older defaulted loans from the institutions. Simplification of procedures and guidelines will assist colleges and schools to assign to the the Federal Government for collection loans that went into default more than 2 years ago. The same techniques will be applied to these loans that have been used successfully to collect the federally insured loans. By returning their older defaulted loans to HEW, institutions can devote more resources to collecting the newer loans they continue to hold.

The Office of Education will expand technical assistance and training for institutions that need help in improving the management of their loan programs.

On January 29, the Secretary wrote to the Presidents of all institutions participating in the NDSL program informing them of these actions and requesting that they take prompt and vigorous action to reduce defaults at their institutions.

The Secretary met with representatives of higher education groups to discuss these issues, and they have pledged full cooperation in this effort.

FEDERAL STUDENT FINANCIAL AID POLICY

Mr. **CONTE**. Does the U.S. Government really have a coherent policy on financial aid to students. I hear proposals to increase BEOG's, to create a Tuition Advance Fund (TAF) and proposals to provide Tuition Tax Credits. Which approach do you favor and why? It seems to me to be an area that needs attention; it is no good having all these fine universities if students cannot afford to go to them.

Mr. **KORNFELD**. We couldn't agree more, Mr. Conte. The Administration does have a coherent policy reflected in the existing structure of grants, work and loans. The Basic Grant Program is the foundation program upon which all other aid is packaged. Students with exceptional financial need may also receive Supplemental Educational Opportunity Grant assistance. Through the College Work-Study program, students can work on a part-time basis, to earn the money they need to help pay their educational costs. Finally, students who need additional help can borrow through the National Direct Student Loan and/or the Guaranteed Student Loan programs.

We believe that this combination of different types of assistance is a comprehensive and coherent approach to financing postsecondary education and the effectiveness of this approach has been further enhanced as a result of the Middle Income Student Assistance Act and the 1979 Appropriations Act.

The TAF and tax credit proposals you refer to were not advanced or supported by the Administration.

WOMENS EDUCATIONAL EQUITY ACT FUNDS TO LOCAL COMMUNITIES

Mr. **CONTE**. In the 1978 Education Amendments, Title 9 of this Act provided for the Women's Educational Equity; the aim of this act was to provide models for achieving sex equity in education. At $15 million this money would trigger a part of this Act that would provide for the money to flow directly to local communities in the form of incentive grants. Why have you funded this at only $10 million?

Dr. **BOYER**. Funds were not requested in fiscal year 1980 to trigger that part of the Act that provides grants to operate local projects for equal educational opportunities for both sexes. The strategy for the WEEA program in fiscal year 1980 is to continue to support demonstration, development, and dissemination activities that have a broad application and can apply to many different situations involving the general concepts associated with educational equity. Local projects will be most beneficial after greater awareness of these concepts has been stimulated through intensified national efforts.

Mr. **CONTE**. Do you not feel that local incentive grants are a good approach to the problem?

Dr. **BOYER**. The actual solution to inequities for girls and women in educational agencies and institutions must of course come where the problems are—at the local level. Grants to provide incentives to local agencies are a good approach. In order to implement such an effort, however, national leadership in the form of model programs and special materials is needed for all levels of education and in the various content areas. The WEEA Program is performing this role. When it began funding projects 2½ years ago, few such models and materials existed.

Mr. **CONTE**. Did you know that the House Ed and Labor Committee recommended funding for this at $30 million?

Dr. **BOYER**. We have heard that there has been some discussion about a $30 million funding level for the Women's Educational Equity Act in 1980.

INDEPENDENT STUDENTS

Mr. **ROYBAL**. I've been told that the new student financial aid formulas work against independent students. Can you respond to this allegation?

Mr. **KORNFELD**. The Middle Income Student Assistance Act (MISAA) has done two things for the independent student. First, the revised Family Contribution Schedule includes a family size offset of $3,450 for a single independent student as opposed to $1,200, which was originally used. This means that a single independent student who earns approximately $6,000 would still be eligible for a minimum Basic Grant, assuming this student has no unusual expenses or assets and he/she is attending school full-time. In comparison, a student could make no more than $3,350 and still be eligible for an award with an offset of $1,200, assuming no assets or unusual expenses. In addition, a single independent student with no unusual expenses or assets can earn up to approximately $3,500 and be eligible for the maximum award, whereas he/she could earn only $1,200 with an offset of $1,200 and still be eligible for the maximum award.

Second, the assets of the independent student with dependents are assessed at the same rate as the assets of the parent of the dependent student. In prior academic years, the assets of independent students with dependents were assessed at a 33 percent rate with no asset reserve. For the 1979-80 academic year, an asset reserve of $25,000 is subtracted from the independent student's assets, which is the same as the asset reserve for dependent students. The remaining assets are then assessed at a 5 percent rate. If farm or business assets are included, then a total asset reserve of $50,000 is subtracted before the assets are assessed at the 5 percent rate.

VIOLENCE AND SCHOOL VANDALISM

Mr. **ROYBAL**. Mr. Boyer, the Los Angeles City School district alone lost something like three million dollars, excluding arson, in the 1977-78 school year. We know that school vandalism and violence directed towards pupils and faculty members has been a growing problem. What is the Office of Education proposing to do in this area for 1980? Specifically, what amounts will be allocated to reducing violence and vandalism which is so counterproductive?

Dr. **BOYER**. Only one program has as one of its stated objectives the reduction of school vandalism and physical violence, and that program is Push for Excellence. However, we find that two other programs produce positive results in the same areas. The Cities in Schools program integrates social services for inner city youths with the school as the focal point for service delivery. By solving the personal problems of the student and/or his family, that student becomes better adjusted and can more easily be motivated toward self improvement and basic skills development. Another program which seems to reduce vandalism is the Community Schools program, which is designed to integrate educational, recreational, and cultural activities within the community, with the public school or other public building serving as a community center. It has been found that schools with active community programs are seldom victims of vandalism. The total 1980 funding request for the three programs mentioned here is $6,988,000.

MONDAY, MARCH 26, 1979.

ELEMENTARY AND SECONDARY EDUCATION

WITNESSES

ERNEST L. BOYER, COMMISSIONER OF EDUCATION
JOHN H. RODRIGUEZ, ASSOCIATE COMMISSIONER FOR COMPENSATORY EDUCATION PROGRAMS
HERMAN R. GOLDBERG, ACTING ASSOCIATE COMMISSIONER FOR STATE AND LOCAL EDUCATION PROGRAMS
MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
JOSUE M. GONZALEZ, DIRECTOR, OFFICE OF BILINGUAL EDUCATION
SHIRLEY JACKSON, ACTING DIRECTOR, RIGHT TO READ PROGRAM
RICHARD FAIRLEY, DIRECTOR, DIVISION OF EDUCATION FOR THE DISADVANTAGED
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

Mr. NATCHER. The committee will come to order.

We take up this time Elementary and Secondary Education. We have before the committee Dr. Ernest L. Boyer, the Commissioner of Education, along with Dr. Berry. If you will, tell us who these other folks are with you now.

INTRODUCTION OF WITNESSES

Dr. BOYER. Tom Minter is to my right and he is the Deputy Commissioner in charge of the elementary and secondary education programs. Dick Fairley administers the largest single program in the office, Title I. Dr. Gonzalez, who has recently been brought to us to head our new bilingual education program. John Rodriguez, sitting next to Dr. Berry, heads our Office of Compensatory Education which includes migrant education program. Shirley Jackson, Acting Director, Right to Read Program; and Herman Goldberg, who is working with State and local programs. And Mr. Dingeldein representing the Assistant Secretary for Management and Budget Department.

Mr. NATCHER. Thank you, Dr. Boyer.

With your permission we will insert your statement in the record in its entirety. If you desire, suppose you highlight the statement for us.

[The statement follows:]

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BIOGRAPHICAL INFORMATION

NAME: Ernest L. Boyer

DATE OF BIRTH: September 13, 1928

PLACE OF BIRTH: Dayton, Ohio

FAMILY: Married -- Kathryn Garis Tyson, August 26, 1950
R.N. -- Montgomery County (Pa.) Hospital
B.S. -- State University of New York
C.N.M. -- (Certified Nurse Midwife) Georgetown University

Four children--Ernest, Jr. (1951), Beverly (1953), Craig (1955), and Stephen (1964).

CURRENT POSITION:

1977 - PRESENT	UNITED STATES COMMISSIONER OF EDUCATION (Appointed by the President of the United States and confirmed by the U.S. Senate.)

PREVIOUS POSITIONS:

1970 - 1977	STATE UNIVERSITY OF NEW YORK, Chancellor
1965 - 1970	STATE UNIVERSITY OF NEW YORK, Vice Chancellor and Executive Dean for University-wide Activities
1962 - 1965	UNIVERSITY OF CALIFORNIA, Santa Barbara, Director, Center for Coordinated Education
1960 - 1962	WESTERN COLLEGE ASSOCIATION, California, Director, Commission to Improve the Education of Teachers
1956 - 1960	UPLAND COLLEGE, California, Academic Dean and Professor of Speech Pathology and Audiology
1955 - 1956	LOYOLA UNIVERSITY at Los Angeles, Assistant Professor and Director of Forensics

Biographical Information -- Ernest L. Boyer

DEGREES AND PROFESSIONAL EDUCATION:

1950 -- A.B., GREENVILLE COLLEGE
1952 -- Graduate Studies, OHIO STATE UNIVERSITY
1955 -- M.A., Ph.D., UNIVERSITY OF SOUTHERN CALIFORNIA
1959 -- Postdoctoral Fellow, UNIVERSITY OF IOWA HOSPITAL (Medical Audiology)
1976 -- Visiting Fellow, CAMBRIDGE UNIVERSITY

HONORARY DEGREES:

1971	Litt.D., Chapman College L.H.D., Dowling College LL.D., University of Southern California Presidents Medal, Tel-Aviv University P.S.D., Greenville College
1972	L.H.D., Pace University
1973	D. Sc., Alfred University LL.D., Fordham University LL.D., University of Akron LL.D., Roberts Wesleyan College
1975	LL.D., University of Rochester
1977	L.H.D., Fairleigh Dickinson University
1978	LL.D., College of William and Mary LL.D., Beloit College D.F.A., Wheeling College LL.D., Hamilton College L.H.D., City University of New York D. Paed., Yeshiva University LL.D., Hope College L.H.D., University of Maryland

SELECTED RECOGNITIONS:

Selected as one of America's two Outstanding Leaders in Education U.S. News and World Report (1978)

Presidential Commission on the Financing of Post Secondary Education (1972-73)

Presidential Committee on the Education of Women (1975)

Commission on Critical Choices for Americans (1973-74)

Governor's Award, State of Ohio (1978)

Presidential Fellow, Aspen Institute for Humanistic Studies (1978

Encyclopedia Britannica Achievement in Life Award (1978)

Biographical Information -- Ernest L. Boyer

PAST AFFILIATIONS:

President, National Association of State Universities and Land Grant Colleges

Executive Committee, American Council on Education

Executive Committee, American Association for Higher Education

Member, Carnegie Council on Policy Studies in Higher Education

Board of Trustees, Carnegie Foundation for the Advancement of Teaching

Board of Trustees, Teachers Insurance and Annuity Association of America

Board of Trustees, Educational Testing Service

Board of Trustees, Saratoga Performing Arts Center

Board of Trustees, Earlham College

Board of Trustees, Institute for International Education

Board of Trustees, International Council for Educational Development

PRESENT MEMBERSHIPS:

Board of Directors, Kennedy Center for the Performing Arts
National Council on Educational Research
National Council on Education Statistics
Federal Interagency Committee on Education
National Commission on Truman Public Service Fellowships
Executive Committee Center for the Book, Library of Congress

ADDITIONAL REFERENCES:

Who's Who in America
Who's Who in The World
American Men and Women of Science
Outstanding Educators of America
International Scholars Directory
Leaders in Education
Dictionary of International Biography
The National Register of Prominent Americans and International Notables
The Social List of Washington, D.C.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Commissioner of Education

on

Elementary and Secondary Education

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to present the fiscal year 1980 request for the Elementary and Secondary Education appropriation. This appropriation maintains our strong commitment to improving educational achievement, especially in the area of basic skills, with our primary concern directed toward fostering that achievement among the various populations of educationally disadvantaged children. The total request of $3,952,882,000 represents about a 4.5 percent increase over the comparable amount either appropriated or currently being requested for fiscal year 1979. While this increase does not approach increases of fiscal year 1979, due primarily to an overall Administration policy of fiscal constraint, it is an increase which is well focused upon the neediest segments of the educationally disadvantaged population, designed so that our budget constraint measures will not have a negative impact upon them. These funds, together with those under the Education for the Handicapped account will enable us to provide educational services to over 25 percent of the elementary and secondary school children.

Grants for Disadvantaged

To raise the educational achievement level of educationally disadvantaged pupils residing in low-income areas or whose education is the responsibility of various State agencies, a total of $3,478,382,000 is requested for Title I of the Elementary and Secondary Education Act. Of this amount, $400,000,000 is proposed for continuation of the Title I Concentration Grant Provision, and the remainder for local educational agencies in general and for State agency programs for migrant, handicapped, and neglected and delinquent children. In total, the request is $142,000,000 more than the combined 1979 appropriation and the requested supplemental for the same period. The increase is devoted entirely to the Concentration Grant Provision, to provide additional resources to the most poverty impacted and historically underserved local educational agencies. It could both increase their Title I service population by as many as 300,000 pupils over the previous year and assure more effective services to their current Title I participants. In aggregate, these neediest areas will realize a 55 percent increase in their Concentration Grant funding, a significant reinforcement of their compensatory education service capacity in the midst of their especially difficult economic circumstances. To allow for this focus of resources upon the neediest areas, the budget proposes to maintain all other Title I activities at their fiscal year 1979 level. This is achieved by holding in abeyance the otherwise mandated increases for the State agency programs, which in turn prevents local educational agencies in general from experiencing any loss. For all of Title I, we anticipate that over seven million children will receive the compensatory education services which they need in order to enjoy the benefits of an adequate education.

Improvement in Educational Practice

To assist the States in developing and implementing improved practices and programs in their local educational agencies as a means of enhancing educational quality in the Nation's schools, $146,400,000 is requested for the newly authorized Title IV-C of the Elementary and Secondary Education Act. For the first time in 1980, funds are being requested separately for Strengthening State Educational Management, formerly included under Title IV-C. The amount requested for local practices improvement, the same amount available for this purpose in school year 1979-80, will be used according to a wide variety of State-determined priorities, under a competitive award process, for an estimated 4,000 local educational agency projects. These projects, many of which are expected to be related to compensatory education and/or basic skills achievement, will involve the participation of nearly eight million pupils.

Strengthening State Educational Management

To provide support for State education agency efforts in strengthening their administrative capabilities, $51,000,000 is requested under Title V-B of the Elementary and Secondary Education Act. The Education Amendments of 1978 authorize the program as a separate entity rather than as part of the Title IV-C consolidation. Funds under this new discretionary program are expected to be used by States primarily for increased staffing, in order to conduct such activities as Statewide educational needs assessment, analyses of school finance equity, evaluations of State and Federal programs, professional development of State education agency employees, and dissemination of information on successful practices.

Bilingual Education

The Bilingual Education program seeks to increase educational opportunities for children who are educationally disadvantaged because they are not proficient in the English language. The fundamental objective of this program is to support a variety of activities designed to enable children to become proficient in the English language. Grants are given to build the capacity of local school districts to teach English to non-proficient children, while using the children's native language to build the basic skills needed so they can enter mainstream classrooms successfully. For fiscal 1980, support will be given to 625 school districts for programs in which 340,000 children will be enrolled. To improve the quality of the programs, teacher and management training activities and materials development and dissemination will be supported. State education agencies will be aided to provide technical assistance, and an information clearinghouse, and a national advisory council will be funded. The proposed budget also addresses the need for promotion of school desegregation through bilingual education. As authorized by the Education Amendments of 1978, about 30 bilingual desegregation projects, formerly supported under the Emergency School Aid Act, will be funded as part of Title VII. The $173,600,000 request is an increase of $15,000,000 over the comparable 1979 appropriation. The increase will make possible a major effort to undertake studies and evaluations to improve the effectiveness of bilingual education programs and practices. It will also support a new initiative to strengthen the administrative, evaluative, and dissemination components of about 50 successful ongoing projects, so that they can serve as model projects.

Basic Skills Improvement and Achievement Testing Assistance

The Basic Skills Improvement program replaces the National Reading Improvement program (Right to Read) and expands the focus of Federal concern to include mathematics and oral and written communication skills, as well as reading skills. Its purpose is to improve basic skills achievement by coordinating basic skills programs at the national, State, and local levels. A major thrust of this new initiative is aimed at State coordination of basic skills programs, to be reinforced by a new State-Federal relationship to support individualized agreements for comprehensive planning and implementation of basic skills activities. A technical amendment to the basic skills legislation is currently being proposed to clarify funding distribution requirements for the two authorized State basic skills activities. The fiscal year 1980 request of $35,000,000 represents a comparable increase of $7,250,000 over the 1979 appropriation for the Right to Read program. To complement this effort, $2,000,000 is requested for the Achievement Testing Assistance program to help States and local school districts use achievement tests to improve basic skills.

Follow Through

Our fiscal year 1980 Elementary and Secondary Education request includes $59,000,000 for the Follow Through program which was recently reauthorized through fiscal year 1981. In 1980, we will begin new experiments designed to identify successful approaches and practices to early childhood education. Developmental work on new models and components of successful approaches for the Follow Through program began in 1978; we expect to build upon this developmental work in 1980. In addition to funding local projects and sponsors, we expect to continue funding of resource centers which are demonstrating and disseminating information about successful approaches implemented in the first Follow Through experiment.

Alcohol and Drug Abuse Education

To continue to provide leadership capacity to State and local educational agencies in the prevention of alcohol and drug abuse, $3,000,000 is requested for the Alcohol and Drug Abuse Education program. This program incorporates strategies of training, technical assistance, and regional and national conferences to address both the problem of substance abuse and related behavior problems such as truancy, vandalism, and disruptive behavior. The National Training System of five regional training centers will train upwards of 60 new school teams from urban and non-urban areas to develop local solutions to the individual characteristics of local problems. The training centers will provide technical assistance to an additional 375 previously trained teams. All of these efforts are directed toward arresting the growth of an increasingly serious national problem.

Environmental Education

We are again requesting $3,500,000 for Environmental Education to promote an increased sensitivity, especially by the school aged population, to the complex issues of environmental quality. Funding emphasis will shift from resource development and pilot projects to the support of a limited number of large multi-year projects which have the potential for application throughout the country.

Telecommunications Demonstrations

Finally, $1,000,000 of the budget request will be used for the funding of another eight or nine new or continued projects that explore ways of using non-broadcast telecommunications equipment and methods to improve delivery of health, education, and social services. Grants for these projects will be administered by the Office of the Secretary.

In summary, the nearly $27 billion appropriated for these activities in the past decade has enabled us to move forward in the vital areas of basic skills achievement, especially as it relates to the equalizing of opportunities for a sound and productive educational experience. We have also been able to stress other areas of national concern in elementary and secondary education, especially the prevention of alcohol and drug abuse by the school-aged population and the promotion of environmental awareness. It is for the furtherance of our progress in these areas that we request your continued support.

I will be pleased to answer any questions you may have.

HIGHLIGHTS OF BUDGET REQUEST

Dr. BOYER. Yes. This is a budget that has several key items to be highlighted, Mr. Chairman, the most significant of which is the concentration grants that have been added to the Title I program and which grew out of our reauthorization last year. As you know, the purpose of that program is to target additional money on those districts and counties where poverty is most acute. We are proposing a $400 million item for this concentration in the 1980 budget.

Also growing out of last year's legislation, I am especially pleased that this budget has a basic skills component. We believe that for the first time our budget will allow us to focus more sharply than we have in the past on basic skills which will enable our total effort to be better coordinated.

The third item that shows a modest increase is the bilingual program. We recognize quite frankly that there has been confusion, even controversy, about this, but I feel optimistic. With new leadership in our office, with new legislation that is explicit as to purpose and with better management I think we are going to be able to demonstrate the central purpose of that program, that is, helping children who are language deficient in English to move forward and become competitive as good students in our schools.

Except for those three items, the budget before you is essentially in its total as approved in 1979. So I have just highlighted where there has been some deviation. I am sure that my colleagues and I will be happy to answer specific questions about this budget, which I might add is clearly the largest item in the Office of Education. The budget request is about $4 billion, so this authority we are talking about this afternoon is probably the centerpiece of the Federal effort in education, at least that part within HEW. We are pleased to discuss it with you.

Mr. NATCHER. Thank you, Dr. Boyer.

As I understand now, the budget request that we have before the committee is $164,250,000 over the 1979 level. Is that correct?

Dr. BOYER. Yes, that is correct.

GRANTS FOR DISADVANTAGED CHILDREN

Mr. NATCHER. The authorizing legislation for Title I grants for disadvantaged children was amended last year. Do you think the legislative changes will result in an improvement in the program generally?

Dr. BOYER. I certainly do.

Mr. NATCHER. Why, Dr. Boyer?

Dr. BOYER. There are several aspects. For one, we have clarified for the first time how the Title I programs are to be monitored. The thing that bothered me greatly was it seemed that no one had the clear responsibility. Quite frankly, our office had only 60-some employees and for a $3 billion program in 14,000 school districts the best we could do was get the dollars out on time and monitor the State educational agencies and a few local educational agencies.

We were not equipped to monitor 14,000 school districts. I discovered in a few of our regional offices staff were assigned to monitoring, but it was erratic. There was not a clear fixing of responsibility. The new law makes it much clearer that the State departments of education have an oversight responsibility for Title I funds. In fact, the State departments are now required to submit to us a 3-year monitoring oversight plan of Title I and we are going to monitor the monitors, in effect.

I believe that the effective supervision of Title I now clearly fixed at the State level where it belongs, based on a statewide plan, is one of the most single innovations.

In addition, the concentration provision will allow us to focus more funds in certain poverty counties, and I hope this will allow us to move into the upper grades where a lot of the students have shown that their early gains are lost.

A third point, the inclusion of a basic skills component in this reauthorization will have a secondary effect on Title I as well, because under that plan the States will develop a basic skills plan for the entire State. I feel encouraged.

I should add as a footnote that the gains of recent years have also been encouraging. The early Title I efforts were not so, but in the last few years we have data from NIE and other places that give me confidence that this big Federal intervention is helping children, which is the objective.

DISTRIBUTION OF TITLE I FUNDS

Mr. NATCHER. As a result of the legislative changes, will a higher proportion of Title I now go to the northern States and the big cities?

Dr. BOYER. The formula for the basic grants remains the same for the 1978 and 1979 fiscal years. The formula does change between fiscal year 1979 and 1980 but the distribution geographically will not shift particularly. The concentration provision has, based on estimates, about two-thirds—one-third distribution between the 130 largest cities and other areas. I do not have, Mr. Chairman, this North-South breakdown on that at the moment.

Mr. NATCHER. You might check this now. As far as the justifications are concerned, for instance, New York, as you will note, goes up from $154 million to $277 million and Michigan goes from $109 million up to $123 million. Pennsylvania from $123 million up to $132 million. I believe that statement would apply, then, that the northern States they will receive a higher proportion.

Dr. BOYER. The new money for concentration you are speaking of.

Mr. NATCHER. Yes, but also for the basic program, too.

Dr. BOYER. The distribution of that new money would—I am glancing at a list that pictures the States—certainly benefit the ones substantially that are either in the Northeast or West, California and New York would be clear winners.

Mr. NATCHER. As far as elementary and secondary is concerned, under Title I your total is up a little over $300 million from $2,735,000,000. Isn't that correct, Dr. Boyer?

Dr. BOYER. No, I am sorry, the $3,078,000,000 is a flat-funded figure from 1979. The $2.735 billion is the 1978 figure, I believe.

Mr. NATCHER. That is the advance for 1979?

Dr. Boyer. Yes. The 1980 figure, Mr. Chairman, remains the same at $3,078,000,000.

Mr. Natcher. Is there a greater need for Title I in the Northern States at this time?

Dr. Boyer. I think the legislation assumes a need for funds irrespective of the geography. As you well know, the distribution is on the strength of poverty children, and the funds are distributed in accordance with the statutory formula, so that we have no discretion.

Mr. Natcher. Under the low income part of the formula?

Dr. Boyer. That is right.

Mr. Natcher. No one objects to that. We are just inquiring as to whether or not there is additional funding going on at this particular time.

For the record, if you will, insert a summary of the legislative changes in Title I resulting from the education amendments of 1978.

[The information follows:]

LEGISLATIVE CHANGES IN TITLE I FORMULA

1. The number of AFDC children eligible to be counted in the formula for determining grants for LEAs changed from two-thirds to 100 percent of the children in families receiving AFDC payments in excess of poverty.
2. The per pupil expenditure for Puerto Rico changed from 40 percent of the average per pupil expenditure in Puerto Rico to 32 percent of National average PPE times the percentage which Puerto Rico's PPE is of the lowest State's PPE.
3. One-half of the increase for local educational agencies, above the fiscal year 1979 funding level, is to be allotted to States based on the count of children in families below 50 percent of the median national income for four person families from the 1975 survey of income and education.
4. The State "hold harmless" amount for programs for handicapped, neglected and delinquent children was reduced from 100 percent of the amount received in the previous year to 85 percent. The "hold harmless" for the migrant program remains at 100 percent for fiscal years ending prior to October 1, 1982.
5. The amount the Commissioner is authorized to pay the States for administration of the Title I program has increased from one percent or $150,000 ($25,000 in the case of the outlying areas) to 1½ percent or $225,000 ($50,000 in the case of the outlying areas).
6. Full-time equivalency data for migratory children is to be adjusted to take into consideration the increased costs of summer programs.
7. Funds are authorized to operate a system for the transfer among State and local educational agencies of migrant student records and to carry out other activities to improve interstate and intrastate coordination of educational programs for migratory students.
8. Funds are authorized to support projects to facilitate the transition of children from State operated institutions for neglected and delinquent children into locally operated programs.
9. Funds are authorized to (1) sponsor workshops to assist local educational agencies to work with and provide training to parent advisory councils; and (2) assess the effectiveness of various forms of parental involvement and various methods of training members of parent advisory councils.
10. A new authorization for funds is provided for matching grants for States which have their own compensatory education programs similar to Title I.
11. A new authorization for funds is provided to give additional funds to counties with over 5,000 or more than 20 percent low-income children.

DETERMINATION OF CONCENTRATION GRANT AMOUNT

Mr. Natcher. The budget request contains $400 million for concentration grants. This is $142 million over the amount requested in the 1979 supplemental budget that is pending before this committee.

How did you arrive at the figure of $400 million?

Dr. **Boyer**. There was no magic in that, quite frankly. It was frequently referred to during the time of reauthorization as a figure that would allow significant additional money to go into the counties of greatest poverty, and we wanted to deliver on the example that was given during reauthorization. It will allow us to put additional funds into about 1,500 school districts and, give a considerable boost to what these districts have as the basic grant.

We wanted a figure that was large enough to make a difference. Since the funds are going into so many districts a small appropriation would be little more than a token and would have little educational impact. As I mentioned earlier, we were especially hopeful we could move into districts with sufficient funds so they could provide services to schoolchildren in the upper grades and not work only in the first three or four. But we expect somewhere around 300,000 to 600,000 additional children will be served. That figure, quite frankly, was not based upon any hard formula but rather is an estimate of what sufficient size is needed to make an impact.

Mr. **Natcher**. Dr. Boyer, instead of $400 million in a tight budget year, why not $300 million? Could you get by with $300 million?

Dr. **Berry**. Mr. Chairman.

Mr. **Natcher**. Of course, go ahead, Doctor.

Dr. **Berry**. We certainly would want to have $400 million. We think the need is great particularly for children in poor districts. If we are going to do anything about basic skills and achievement in those areas it is essential we receive the request we have made. We would like to strongly urge that we receive the $400 million.

URBAN DISTRIBUTION

Mr. **Natcher**. All right. How much of the $400 million requested will go to large urban areas, in the over 200,000 population category? Can you give me some idea?

Dr. **Boyer**. I do not have those figures. We will supply them for the record. I would say that most of the large cities of the scale you mention would be eligible recipients because they would have large numbers of children that would qualify.

[The following was provided for the record:]

Distribution of concentration grants to cities of over 200,000 population

Total appropriation request	$400,000,000
Estimated amount for counties with cities having over 200,000 population	212,547,000
Number of counties	63
Percentage of total appropriation	53

Under the law, Mr. Natcher, a county qualifies if 5,000 children, or 20 percent of the total population are from low income families. So, given those two criteria, most of the large cities would be eligible for additional funds under this concentration provision.

NATURE OF CONCENTRATION GRANTS

Mr. Natcher. What kind of educational services could be provided by concentration grants? Is this the same type that is provided by the basic Title I program generally?

Dr. Boyer. Yes. We are not changing the educational mandate under the concentration provision or the programs that could be provided. What we assume is that more children would be served; and, as I mentioned earlier, it would be possible with more money to stay with the children longer.

Our basic grant program now covers about 65 percent of the children in Title I schools that are eligible to be served. The first three years are the point of major focus. We would expect that the focus on the basic skills would continue under the concentration grants, and that we could serve more children and stay with those children longer.

Mr. Minter. That is the idea, basic skills would receive emphasis in schools that benefitted from concentration grants. We have already talked to superintendents of some school districts. They have indicated that additional services to students in senior high schools and in junior high schools would be provided from concentration grants.

Mr. Natcher. Why can't you concentrate Title I grants through administrative regulations instead of funding a separate program?

Dr. Boyer. Of course we now have the legislative authority to take the increased money and focus it on those areas where the poverty is intense. The assumption is, frankly, in those areas where there are large concentrations of poor children the impact of poverty is greater whether it is rural or urban, and this is where the added dollars might be most urgently needed, and it would not be possible without that legislation for us to focus increased Title I dollars under the old authority.

STATE DISTRIBUTION UNDER CONCENTRATION GRANTS

Mr. Natcher. What is the minimum grant per State under the concentration grant program?

Dr. Boyer. $1 million is the minimum at the $400 million level.

Mr. Natcher. How many States are at the minimum under the 1980 budget request?

Mr. Fairley. We have only one State that has no eligible counties, and that would be the State of New Hampshire, so that State would be at the minimum.

Mr. Natcher. That would be the only State where you would have the minimum applying; is that correct?

Ms. Beebe. We will have to provide that for the record.

Mr. Natcher. Suppose you submit that for the record.

[The information follows:]

States Which Will Receive the Minimum Allocation Under the Concentration Grants

Alaska, Delaware, Idaho, Iowa, Kansas, Maine, Montana, Nebraska, Nevada, New Hampshire, North Dakota, South Dakota, Utah, Vermont, and Wyoming.

Mr. **Natcher**. If a State receiving a minimum grant has no eligible school district, how will the concentration grant be used in that case? If it has no eligible school district?

Mr. **Fairley**. We have prepared regulations which are now being cleared by the Department of HEW that would ask those States to submit to us a plan for distributing the money using the intent of the law as a basis, which means getting the funds into those counties with districts having high numbers of low-income youngsters. The plan shows how the money would be distributed, and we would review it for approval.

EVALUATIONS OF TITLE I

Mr. **Natcher**. Ever since the Title I program was enacted in 1965, questions have been raised about its effectiveness in educating disadvantaged children. Many evaluations have been made over the years to answer these questions. Do you think there is enough evidence now available to show conclusively that Title I is an effective program?

Dr. **Boyer**. I believe the answer to that is yes. As in so many other programs, the success of it rests with good administration and good teaching. There is nothing inherent in the added money.

As I have studied the history, I think there was a failure in the early years to understand that these dollars have to focus on improved education, especially in the basic skills. In fact, the legislation was sufficiently open-ended, and our regulations were sufficiently open-ended that those monies were used for purchases of equipment and occasionally even buildings and the like. While they might have been of use to the school, when you ask what is the educational impact, the results were not there.

In recent years, through increased regulation, through improved administration in our office and even through sharpening of the legislation, the findings are encouraging. NIE and the Stanford Research Institute recently completed a study and in each instance they demonstrated there are educational gains in reading and math skills in the first few grades among Title I children that are greater than would have occurred without it; and second, they are greater in some instances than in children who are not in the program.

I believe that this is making a major difference across the country in a number of our schools. I visit the Title I schools whenever I can, and there is no mystery about it. It gives schools the financial assistance to hire teachers who are giving special training and working intensively with children. It also enables schools to provide special books and materials that can be used by educationally deprived children. I believe this is a major investment that is now paying off in a significant way.

Mr. **Natcher**. If I ask you generally how you measure the effectiveness of Title I, what would you say, Dr. Boyer?

Dr. **Boyer**. Again, the measurement that I think is most challenging is whether children in the early grades are able to compete educationally, and most especially whether their reading scores and math scores are up to the appropriate grade level. The surveys that have been conducted are using those measures, and the results are now encouraging.

Mr. **Natcher**. Title I now provides an average of $435 per child, according to your budget figures. Have you made any studies to determine the average cost of compensatory education per child that is required to make a difference in achievement levels?

Dr. **Boyer**. I do not think there are studies that would fix such an exact figure. Our budget figure prorates the total that Congress has appropriated. As I already said, I think it is making a difference, but to my knowledge there has been no single figure that has been fixed that would make an absolute difference; $500 per pupil in a school can be converted into teachers and compensatory instruction. I think the total appropriation has grown to the point where we are making a significant difference. We are now up to over $3 billion and 14,000 school districts are being helped. But to answer your question directly, I do not think that there is any exact figure that I could name that would say that is the magic figure for maximum compensatory help.

STATE COMPENSATORY EDUCATION PROGRAMS

Mr. **Natcher**. How many States finance compensatory education programs with State funds?

Dr. **Boyer**. There are at least 12 to 14, as I recall, that have invested considerably in State programs somewhat comparable in their purpose to Title I.

Mr. **Natcher**. Why don't all the States do this, Doctor?

Dr. **Boyer**. I would imagine budget constraints would be the first item; whether there has been adequate leadership at the state level might be a second matter. But in my view that is the direction for the future, a partnership between the Federal Government and the States. In fact in our Elementary and Secondary Education Act we have a section for State matching. The budget before us does not fund that for the coming year, but we think for the future full funding of Title I will occur through a combined State and Federal matching arrangement instead of assuming that the Federal Government will be doing it all.

Mr. **Natcher**. Was the new incentive grant authority enacted last year designed to stimulate interest in State compensatory education programs?

Dr. **Boyer**. It was. That was the idea.

Mr. **Natcher**. Would you recommend this committee shift $50 million from the budget for concentration grants to incentive grants?

Dr. **Boyer**. I will give you two answers.

Mr. **Natcher**. Go ahead, Doctor.

Dr. **Boyer**. One, I would recommend our own budget as submitted but I would also have to say to you that the issue was debated very intensely because we believed deeply in the State matching plan. I think the main reason we did not propose part of the budget for State matching is that we thought we might give States a little more time to prepare for the matching program since only 12 or so States would be eligible at this time.

I would be extremely disappointed if in the next budget year we did not come to you for special incentive funds to start this important program. We think the $6 billion or more needed to fully fund Title I will require a greater State effort. I think this program should be funded in the future, but it would be a bit premature at this time.

Dr. **Berry**. Mr. Natcher, we did not make a tradeoff between concentration grants and State matching. We think State matching is a great idea and support it in the legislation, but we did not make a decision that concentration was being funded in preference to that. The absence of funding here for State matching was simply a budget decision. We just could not afford it this year.

TITLE I AT THE SECONDARY SCHOOL LEVEL

Mr. **Natcher**. All right.

About one-third of the total school enrollment in this country is in secondary schools. However, less than 20 percent of the Title I enrollment is in secondary schools. Is there a particular reason for the high enrollment of elementary schoolchildren in Title I?

Dr. **Boyer**. Yes. The assumption is that if children are helped in the early grades this will establish a foundation that will assure some educational success in the future. It would be hard to deny help to childen in the first three or four grades in order to deal with those in the junior-senior high school. We just do not have enough money to deal with all grade levels, and the notion is that early education is better, early compensatory education. We think our concentration dollars will reach into the junior high and senior high school and thereby increase Title I services to older children. To add to the point that you were making earlier, as we get State compensatory assistance to join this educational effort, we think an arrangement between State and Federal levels of government could be made that would follow children and provide special help for those who need it from the early grades though high school.

The one disappointing feature is there is some evidence that children slip back or do not retain as much of the gains as we would like, so that clearly is a challenge for us. But, given limited money, it is better to start with children in the first few grades and get the foundation.

Mr. **Natcher**. Is there less of a need for compensatory education at the secondary school level than at the elementary grades?

Dr. **Boyer**. No. I think that is not possible as a tradeoff. As I said, with limited funds we are providing services largely in the elementary grades, but the fact is today that about 25 percent of all our high school students leave before they graduate. That is a terrible waste. Nearly a quarter of all the high school students never finish school. I think that is the crisis of American education—the high school. So without some compensatory help, I think we will continue to see that failure.

As I mentioned earlier, I do not think just compensating for the basic skills alone is the answer. I think the secondary schools must find a way to allow students to focus more sharply on their interests and talents and to have some practical experience outside the school so they do not feel they are being confined from real life experiences.

Mr. Minter. There is a study out of Stanford Research Institute that indicates students who are given remedial instruction at the seventh and eighth grade level also respond very, very well, and that although we have placed the emphasis, as we rightfully should, in early childhood education, there is something the psychologists call a "second coming," a time when children at the junior high school level also can catch up on some of the things that they may for one reason or another have missed at an earlier age. Many children undergo trauma within the family in the early grades, and there is a time later on when they can pick up and continue to develop. So we think it is very important that Title I funds should be extended into the secondary years.

LIMIT ON STATE AGENCY PROGRAMS

Mr. Natcher. This budget for Title I includes appropriation language limiting the State agency programs to the previous year's level. What effect will that have on the State programs?

Dr. Boyer. You are correct. We did ask that those programs be frozen. That was done in order to keep the basic grant program from being diminished. Since the State agency programs are funding off the top which is driven by enrollment, it was our estimate, Mr. Natcher, that about $53 million more would be required to fund the State programs in 1980 and that would reduce by $53 million the Title I basic grant below the 1979 level. So in order to level fund all Title I, we had to request level funding for the State programs.

The answer to your question is, it would hold the State agency programs to $390 million, the same as in 1979.

Mr. Natcher. Does this mean that services will be cut back?

Dr. Boyer. I think there are two ways to answer that. In terms of dollars, the answer is no. Each program will get the same, migrant education will get $212 million, handicapped $140 million, and neglected and delinquent $37 million, and that figure will appear.

There is another answer, however, I am obliged to mention, and that is the number of students eligible to be served in migrant education will go from about 350,000 to 375,000. Therefore, the per pupil cost in migrant education, if we serve more children, will drop from about $597 to $557 per student.

To put it another way, since migrant enrollments are expected to increase, there will be not a reduction in dollars for migrant education, but if more children are served than in 1979 we estimate a reduction in per-student service.

SUPPORT AND INNVOATION

Mr. Natcher. Dr. Boyer, let us turn at this time to support and innovation. This budget for improvement in local educational practice is $146.4 million, the same amount as the previous year. Why can't we cut back on some of these projects?

Dr. Boyer. This has been the Federal partnership with States for a long time, with the State education departments. The dollars that are given, as you know, by formula to the various State departments are then, on a competitive basis, distributed to school districts to encourage them to do new things and exercise leadership, often providing money that bare-bones local budgets do not provide. I have looked at the list of projects that are funded in selected States. Here again, basic skills is clearly the winner. They have also funded special education in programs for the gifted.

I suppose you could argue about the exact dollar amount, but I think there is something exciting about this arrangement in which we do provide funds. We do not control them; the State controls them, but on a competitive basis. Good school districts each year come in and say: We would like to try something new. As the local tax base is diminished to keep the educational program alive and searching for new alternatives strikes me as desirable. It is not a large amount of money compared to the total budget, but in each State I think it is a significant amount and represents local leadership. So I would certainly feel strongly about the concept of partnership here and I think it has made a genuine difference in the health of the schools throughout the States.

Mr. Natcher. How long has this program existed in one form or another?

Dr. Boyer. It goes back to the beginning of the ESEA authorization, 1965. There was a consolidation years ago.

Mr. Natcher. What are some of the benefits of these improvement projects?

Dr. Boyer. I have had the funds grouped according to types of educational innovations. The largest percentage goes to special education, working with children who have special educational needs, and then basic skills is about 12 percent, new teaching arrangements that allow for some in-service education of teachers would rank number three. There are some programs for the gifted which I think is one of the great underserved populations in our culture. Also there are some programs that deal with other arts and education. Those would be some of the top leaders in trying to fund new programs through this authority.

Mr. Natcher. What happens when an innovation project is completed?

Dr. Boyer. It would vary under this program from State to State. Some States have an arrangement for distribution and wider communication about the plan, others are not so effective. The aim is, of course, that after the program has been funded the school district would make it operational instead of simply allowing it to be a one-shot effort.

STRENGTHENING STATE EDUCATIONAL AGENCY MANAGEMENT

Mr. Natcher. For strengthening State educational management authorized by Title V-B, the budget request is $51 million. Is this basically for State administration of Federal grants?

Dr. Boyer. Yes, that is the idea. As you know, over the years it has become a very big item in many State education departments. We have a complete breakdown of the States. Some have 60 or 70 percent of their budget in the State education department that is supported out of this fund. The assumption is that this gives States the administrative support they need in order to handle what is a major responsibility, since we channel not only Title I but the handicapped, the vocational education, Titles III and IV, that all go to the State departments on a formula basis, and they are obliged to see they are distributed and monitored.

Back to the changes in the law, now that we are making the States more responsible for oversight and management and monitoring of Title I, they are taking on still more, and I think these dollars are urgently tied to that.

DISTRIBUTION OF STATE EDUCATIONAL MANAGEMENT FUNDS

Mr. Natcher. On what basis will the $51 billion be distributed to the States?

Dr. Boyer. We are following the same distribution that was operating in 1979 before the new legislation so that States will continue to receive in 1980 a budget figure that would be equivalent of the last year's budget.

Mr. Natcher. No State will receive less than the previous year?

Dr. Boyer. No. The new legislation gave the Commissioner authority. The management program, V-B was pulled out of Title IV and became a separate program. As I recall, there was flexibility given to the Commissioner to handle this almost on a discretionary basis, but I felt I was neither wise nor enduring enough to tamper too much with that, and I was struck by the wisdom of the current distribution.

Mr. Natcher. All right. That is a safe way to handle it, Doctor.

Why shouldn't there be an allocation formula for distributing Title V-B among the States?

Dr. Boyer. There has been prior to the 1978 amendments. While I think the spirit of flexibility is adequate. I did not really know how to devise the criteria that would justify a reallocation of these funds. I felt that, frankly, the minor changes would not be worth the effort. It is based now on a formula that is rooted in the number of children in the State, and it was hard to find any other design that might more equitably get those dollars out. I guess I am mildly responding by saying the formula seemed reasonable when I tried to test it against other options.

May I add, however, the notion of letting it become flexible in the event some need would occur in a State seemed prudent, but I think there would have to be an exceptional circumstance where a reallocation might be justified.

Mr. Natcher. Besides the Title V-B program, are there other Federal funds available for this purpose through percentage set-asides in various programs, such as Title I and aid to handicapped children?

Dr. Boyer. You mean for the State?

Mr. Natcher. Yes.

Dr. Boyer. Yes, there are.

Mr. Natcher. If you would supply for the record a list of programs and amounts provided, State and local administrative costs.

[The information follows:]

STATE AND LOCAL EDUCATIONAL AGENCY ADMINISTRATIVE SET-ASIDES MANDATED OR AUTHORIZED BY STATUTE OR REGULATION FOR FISCAL YEAR 1980 [1]

Program	Percentage SEA's	Amount
Title I (ESEA)	1.5	$52,881,773
Basic skils improvement (Title II ESEA)	5.0	212,500
School libraries and instructional resources (Title IV-B, ESEA)		
Innovation and support (Title IV-C, ESEA) Guidance, counseling, and testing (Title IV-D, ESEA)	[2]5.0	[3]19,800,000
Strengthening State educational management (Title V-B, ESEA)	100	51,000,000
Services (Title I, Library Services and Construction Act)	5.0	2,845,000
State grant program (eduation of the Handicapped Act, Part B)	5.0	4,310,000
Preschool incentive grants (Education of the Handicapped Act, Part B)	5.0	750,000
Adult education (Adult Education Act)	[4]5.0	4,400,000

[1] Includes all programs except Higher and Continuing Education and Student Assistance. While information was requested concerning LEA set-asides, none are mandated or authorized by statute or regulation.

[2] Or $225,000, whichever is greater. Administrative expenses are authorized for Titles IV-B, C, and D in aggregate. Total allowable administrative costs for the three programs must not exceed five percent of the amounts received by each State for them all, or $225,000, whichever is greater.

[3] Amounts for fiscal year 1980 depend on the allocations received by each State for each of the programs. It is at each SEA's discretion to determine, within the percentage guidelines, the proportion of administrative costs borne by each program.

[4] The five percent set-aside is distributed among States and territories so that not less than $50,000 is provided to each State, with territories receiving not less than $25,000.

STATE ADMINISTRATION FUNDS

Mr. **Natcher**. The Education Amendments of 1978 authorize a consolidated grant for State administration of Title I and Title IV. Why are you proposing to fund State administration under separate programs instead of the consolidated program, Doctor?

Dr. **Boyer**. This ties into our earlier conversation. We felt that these were really serving two separate purposes. Although I am all for the spirit of consolidation, it seemed to me that in this case they had to stand on their own merits. We might want to show increases in one or the other program, and even under the more flexible arrangement we distribute the administration funds under the specific education program. I think it is a little better in the budget to have these administration funds with the program to be administered in order to look at them as separate authority.

INCREASED FUNDING FOR BILINGUAL EDUCATION

Mr. **Natcher**. Under bilingual education, Dr. Boyer, the budget is $173.6 million, an increase of $15 million over 1979. There were many deficiencies identified last year in the evaluation report on this program. Why are you proposing an increase of nearly 10 percent?

Dr. **Boyer**. First, the need is great. We are not beginning to get funds to districts that could qualify. With migration and immigration and greatly increased awareness of our cultural diversity, we think the demands on this program will increase and not decrease in the coming years.

IMPROVEMENT IN BILINGUAL PROGRAM SHORTCOMINGS

Second, however, we believe the increase is justified because we are making important improvements in the program. The naming of a nationally recognized director for this program, who is here at this table, was one step. Second, for the first time we have required districts receiving these funds to assess the English proficiency of children upon admission, and to provide, annually, a comprehensive assessment of the overall performance of project participants. By law, at least 60 percent of the children in a bilingual program must be limited English proficient. Our goal is that 75 percent of all the children in the bilingual program will have such language deficiencies in order to participate. We also insist that information about the progress of the children will come to us. So we are imposing on the grant process requirements that we think will allow us to move from the one-third participation of non-English-speaking children in our programs that was reported in a study a year ago. We anticipate that 60 to 75 percent of participating children will be limited English proficient during this coming year.

As you know, the Bilingual Education Act does permit up to 40 percent of Non-English limited children to participate. We think our records will demonstrate that the program has many fewer than that.

I would like to ask Dr. Gonzales also to comment on this question.

Mr. **Natcher**. Go right ahead, Mr. Gonzales.

Dr. **Gonzales**. In an effort to improve some of the shortcomings that were identified, we have instituted several changes. We have commissioned a study which will give us the best procedures for children to enter and exit the program. That is one of the items we have had some trouble with.

We have instituted a 2-year mandatory testing requirement, so that every child who has been in the program for two years will be individually tested to determine his need for continued participation. We have also developed a set of valuable teacher competencies which we are distributing to our grantees, and have commissioned a study of how bilingual education teachers are being trained. The new law and the subsequent regulations also emphasize building up the capacity of local school districts to mount, operate, and evaluate such programs so there will be an increased emphasis on capacity building. We hope to increase program monitoring through better use of our staff resources, and we hope to increase support services to make sure that these programs are producing the desired results.

BILINGUAL EDUCATION EVALUATION AND STUDIES

Finally, we are improving the evaluation capabilities of ourselves and our grantees to make sure that the programs are adequately evaluated.

Dr. **Berry**. I would add, Mr. Chairman, that some $4 million of the increase requested is for research and a large percentage of that is for mandated studies which the Congress has insisted that we do that will improve the quality of the bilingual program.

GRANT CRITERIA FOR LOCAL SCHOOL DISTRICTS

Mr. **Natcher**. What criteria are used in making grants to school districts for bilingual education projects?

Dr. **Gonzales**. At the present time we have a competitive procedure wherein, according to regulation, a school district will submit an application to us which describes the need and the number of limited English students in that district. The proposal is evaluated competitively. An outside person provides a judgment as to its quality, and then we rank proposals and fund them.

NUMBER OF LIMITED ENGLISH PROFICIENT CHILDREN

Mr. **Natcher**. Last year the committee asked about the number of children who could benefit from bilingual education. A survey was to be completed by February of 1979. Tell us what the survey showed as far as the bilingual education target population is concerned.

Dr. **Gonzales**. There is a study which I believe is about to be reported. It is called the Children's English and Services Study. It sought to identify exactly how many children there are who have limited English proficiency, and what services are provided to those children, so we can ascertain the unmet need.

My best guess at this point is that there are about 3.4 million children in the country who are of limited English proficiency. Of those, about 10 percent, at most, are in Title VII projects. There are also funds in some States for bilingual education as well.

LOCAL FUNDING AFTER TERMINATION OF FEDERAL SUPPORT

Mr. **Natcher**. New provisions added to the application requirements for bilingual education require that project approval be based partly upon the applicant's ability to continue the program when Federal assistance is reduced or no longer available. Will this provision eventually reduce the need for Federal assistance for bilingual education?

Dr. **Gonzales**. We believe that, in the long run, it will. Title VII is part of the picture; there is also increased funding at the State and local levels. We are collecting figures, and we know there has been a substantial increase in the contributions made by other jurisdictions to this effort. In terms of our application, we ask local school districts to describe their capacities in two ways: First, in fiscal terms; second, in programmatic terms. They describe their ability to conduct such programs. We think that we are making progress in both those areas.

Dr. **Boyer**. Last year, Mr. Chairman, during reauthorization, we sought to have Congress consider an arrangement in which there would be a 5-year phaseout. That seemed justified because we are impacting now only 10 to 20 percent of the eligible children. It did not seem appropriate to spend all of our resources in an indefinite period on the first districts that got funded. Our feeling was that we would help with startup, then phase our contribution down and then we could move to other districts that were yet not getting help. That did not come through in quite the form that was discussed. However, we are now requiring, through regulation and the application, a demonstration that local or State funds can take over and provide long-term support.

Given the limited number of children involved compared to the need, I do not know exactly when the phase down and out of the total program should be. My immediate short-term concern is to find a way to cover more districts instead of spending all of our time on those that got in at the very first.

Mr. NATCHER. If Federal appropriations were decreased, could projects adjust to a reduction in Federal funding at this time?

Dr. BOYER. I think that would be very hard.

Mr. NATCHER. How many programs funded under the bilingual education program have been able to continue after their Federal grants were terminated? Can you give me some idea about that?

Dr. GONZALES. We cannot tell you today but we could give you some ballpark figures for the record later. We do not have a method of tracking the exact contributions that local grantees make to bilingual education at this time.

Mr. NATCHER. Give us an answer in the record.

[The information follows:]

CONTINUED LOCAL SUPPORT AFTER FEDERAL FUNDS TERMINATE

From currently available data we are not able to determine the number of programs that have continued after termination of Federal funds. However, based on application data for new projects supplied by local school districts, we know that many activities previously funded by Title VII are continuing, though sometimes on a reduced scale.

The Education Amendments of 1978, and new regulations to implement that legislation, require that local education agencies must demonstrate a commitment to continue bilingual programs after Federal funding terminates. This requirement will be closely monitored by the Office of Bilingual Education. There is evidence that Title VII aid has already stimulated the expenditure of local and state funds for bilingual education. For instance, 11 large school districts which receive about $20,000,000 in Title VII funds are now providing $73,000,000 in local funds for bilingual education. Moreover, in school year 1975–76, the latest year for which data is available, 20 states had committed about $45,000,000 to support bilingual programs. We believe that local and State expenditures for bilingual education are very substantial.

Starting in fiscal year 1979 the Office of Education will request that State education agencies provide data about the extent to which local school agencies are continuing the bilingual programs once Federal funds are not available. In fiscal year 1980 and following years such data will be required.

TITLE VII AID AS INCENTIVE FOR LOCAL SUPPORT

Mr. NATCHER. What evidence do you have that the aid under the bilingual education program will actually provide an incentive for local programs to expand or establish their own bilingual programs?

Dr. GONZALES. As I pointed out earlier, the evidence that we have had in the past, which we have reason to believe will continue, is that appropriations are being made increasingly at the State and local levels. We will get some more specific information about these to you.

MEASURABLE GOALS FOR LOCAL PROJECTS

Mr. NATCHER. Applicants are required to provide measurable goals in deciding when children no longer need bilingual education. How will your office identify measurable goals for use by applicants? How would you do that, Dr. Gonzales?

Dr. GONZALES. We are writing our regulations for that purpose now. There are process goals and product goals. A measurable goal is simply a way of saying we want the school district to be able to report to us at the end of that funding period that they meet either the process or the product objective to a given degree. For instance, if the district said 20 percent of its children will achieve a specific goal in three months, we could test that, or they could test it and report to us. The same would be the case for process goals. If the district proposes, for example, in its capacity-building plan to train 100 teachers, we can then ask in the final evaluations how many were in fact trained. We would then have a much better sense of the degree to which funds are being targeted as Congress intended them to be.

FEDERAL PROGRAMS ASSISTING BILINGUAL EDUCATION

Mr. Natcher. In addition to the program authorized by title VII of the Elementary and Secondary Act, what other Federal programs are available for bilingual education?

Dr. Gonzales. There is now $8.6 million funded in the bilingual set-aside under the Emergency School Aid Act which is probably the next largest amount of money.

Mr. Natcher. That is out of title I?

Dr. Gonzales. No, the Emergency School Aid Act.

Mr. Natcher. All right; what about title I?

Mr. Fairley. Some title I funds do go for bilingual education, to children with a limited English background.

Mr. Natcher. Can you give us some idea about the amounts?

Mr. Fairley. I would have to submit that for the record.

Mr. Natcher. Submit that for the record and put a complete list in the record, if you would, as far as other Federal programs which are available for bilingual education.

[The information follows:]

FEDERAL PROGRAMS ASSISTING BILINGUAL EDUCATION

OFFICE OF EDUCATION	FY 78 Estimated Obligations ($ in 000's)
Elementary and Secondary Education	
Grants for disadvantaged (ESEA I)	$ 10,000
Innovation and Support (ESEA IV-C)	2,700
Bilingual education (ESEA VII)	135,000
Basic Skills Improvement (ESEA II)	1,480 1/
Follow Through (Headstart - Follow Through Act)	5,000
Emergency School Aid	
Emergency School Aid Act (ESEA VI)	8,600
Civil Rights Advisory Services (CRA IV)	7,000 1/
Indian Education	
Grants to Local Education Agencies (IEA Part A)	2/
Special Projects for Indian Students (IEA Part B)	1,400
Special Projects for Indian Adults (IEA Part C)	25
Library Resources	
Library Services and Construction (LSCA I)	3,250
School Libraries and Learning Resources (ESEA IV-B)	2,400
Occupational, Vocational, and Adult Education	
Bilingual Vocational Training (VEA Part B)	2,800
Basic Grants (VEA Part A)	2/
Adult Education (AEA)	2/
Education for the Handicapped	
State Grant Program (EHA Part B)	2/
Special Education Personnel Development (EHA Part D)	2/
Innovation and Development (EHA Part E)	1,400
Special Projects and Training	
Gifted and Talented (Education Amendments of 1974, IV)	2/
National Diffusion Network (GEPA)	61
Teacher Corps (HEA V-A)	5,754
Teacher Centers (HEA V-B)	20
Higher Education	
Special Programs for Disadvantaged Students (HEA IV)	2/
Strengthening Developing Institutions (HEA III)	2/

	FY 78 Estimated Obligations ($ in 000's)
OTHER	
Administration for Children, Youth, and Families	
Headstart (Headstart - Follow Through Act)	$ 1,183
National Institutes of Education	3,300
National Center for Education Statistics	218

1/Total for projects involving bilingual components. Amount specifically used for bilingual education cannot be determined from available data.

2/Specific amounts devoted to bilingual education cannot be determined from available data.

BILINGUAL EDUCATION TEACHER TRAINING

Mr. **Natcher**. The request for bilingual education includes over $30 million for training activities. What can you tell us about the shortage of bilingual teachers? Is there a shortage?

Dr. **Boyer**. Could I just begin to comment by saying my own sense is that that lack of trained teachers is probably our Achilles' heel. It's my view that you need teachers who themselves are bilingual; that is, you need teachers who understand both languages well, as all good language teachers should do. Teachers must also understand the important pedagogical or teaching process by which you move children along from one to the other.

I believe if there is any part of this program that requires strengthening it's teaching: we need a good, strong cadre of teachers who see bilingual education as a very special mission and are skilled to do it. Most of the criticism I have seen has been levelled at the fact that the teaching seems not to be as effective as necessary, nor of high enough quality.

So it's in that context that we have this budget that supports fellowships and teacher development. And I wonder if Dr. Gonzales wants to add to that?

Mr. **Natcher**. Go right ahead.

Dr. **Gonzales**. Until 1978, Title VII of ESEA did not require a particular set of teacher competency tests. The 1978 amendments do now require that to the degree possible teachers should be bilingual. We are emphasizing that heavily.

It is not possible, obviously, for someone to teach bilingually if they themselves are not bilingual. For this reason we are instituting, first, training programs based at universities; second, training that is conducted by the local grantees themselves; third, training that is provided by bilingual education support service centers; and finally, preparation of trainers of bilingual education teachers in our fellowship programs.

We also propose to fund some projects to train managers of bilingual education programs so they can be better stewards of these funds.

Dr. **Berry**. In addition, Mr. Chairman, part of the 1980 request will be used for a survey that NCES will do on the extent to which there are bilingual teachers in classrooms and also the pattern of geographical need for qualified bilingual teachers.

BILINGUAL DESEGREGATION GRANTS

Mr. **Natcher**. Your budget includes $8.6 million for bilingual desegregation grants. What is the basic purpose of these grants? What about that, Mr. Gonzales?

Dr. **Gonzales**. Well, the Emergency School Aid Act obviously was for purposes of assisting school districts that are in the process of implementing desegregation plans. This particular segment of the law is to assist the limited English proficient students involved in that process, primarily through the development of curriculum materials, but also by providing bilingual programs.

In 1980 as a result of the 1978 amendments, our estimate is that about 30 school districts will be receiving funds from the bilingual desegregation program, which the Education Amendments of 1978 transferred to Title VII from the Emergency School Aid Act, starting in fiscal year 1980.

Mr. NATCHER. Give us a few examples of the school districts which would receive bilingual desegregation grants. Are they all in urban areas?

Dr. GONZALES. I don't have that information at hand. I would have to get it for you.

Mr. NATCHER. All right; suppose you submit that for the record?

[The information follows:]

THIRTY SCHOOL DISTRICTS AWARDED EMERGENCY SCHOOL AID ACT BILINGUAL DESEGREGATION GRANTS—FISCAL YEAR 1978

Arizona.—Nogales USD No. 1

California.—San Francisco USD

Florida.—Broward County Florida School Board (Fort Lauderdale); Dade County School Board (Miami); Florida International University (Miami); and School Board of Hillsborough County (Tampa).

Hawaii.—Hawaii State Department of Education (Honolulu); and Hi County Economic Opportunity, (Hilo).

Louisiana.—Iberia Parish School Board; Jefferson Parish Systems; and Lafayette Parish School Board.

New York.—Brooklyn Comm. S.D. No. 19-K; NYC Board of Education; NYC Comm. S.D. No. 3; and NYC Comm. S.D. No. 4.

Texas.—Donna ISD; Eagle Pass ISD; Edgewood ISD; Edinburg ISD; El Paso ISD; Pharr-San Juan-Alamo ISD; Reg. No. 1 Educ. Serv. Ctr. (Edinberg); Robstown ISD; San Antonio ISD; San Felipe Del Rio ISD; West Oso ISD (Corpus Christi); Weslaco ISD; Rio Grande City ISD; Zapata County ISD; and Harlingen.

BASIC SKILLS IMPROVEMENT

Mr. NATCHER. For Basic Skills Improvement, the budget request is $35 million, an increase of $7,250,000 over last year. Why do you need such a large increase in the Basic Skills Program?

I believe this is about a 26 percent increase.

Dr. BOYER. Mr. Chairman, I feel this is one of the most important items in this budget. In total dollars it is rather small compared to the total authority under elementary and secondary. But I argued vigorously for some money to fund what is now a new authority called Basic Skills Improvement.

First, it should be stressed that Part A is the national program for which of $20 million has been requested. This folds in and at the same time expands our former Right to Read, and it makes more flexible our use of those dollars. It's a national discretionary program in which we will, out of that authority, give money to local school districts or to some State agencies or independent agencies to work on basic skills.

But, the growth of this occurs under Part B, State Activities, that allows us for the first time to draw an agreement between HEW and each State education department. If they want these monies, they are to sign an agreement based upon a Statewide basic skills plan.

For the first time we are expecting the States to say, here's our strategy to get on with this business of teaching children how to read and how to compute.

Then, if that plan seems reasonable—and, incidentally, it's intended to be very flexible and not rigid by letting each State develop an individualized plan based on its needs—they qualify for grants at the State level in order to coordinate that program. Also the National Discretionary Funds we have will be given in ways that are consistent with the State plan.

The last part of this program is the Reading is Fundamental Program, which seeks to get reading materials to children through the distribution of inexpensive books and the special mathematics program whose authority has been transferred from the Emergency School Aid Program.

I think that those three pieces in combination will allow us to give a kind of center purpose to this very important authority, the Elementary and Secondary Act, and while the increase in terms of percentage is great, the increase in terms of dollars is rather small, I think that, on this basis the leverage it will bring is going to have impact far beyond some of the larger authorities.

And I might add, we have been meeting now with the chief school superintendents from the various States, the executive committee and then a subcommittee of that group that has been named. In May I will again be meeting with all of the fifty chief school superintendents, and one of the items on that agenda is the agreement that they hope to sign that will have us all working together in kind of partnership to say this matters very much. And while they are not going to get a lot of money, I think the intention and the focus of it has really acted to rivet our attention on a very important goal.

So, I think this can suggest a national strategy that is a partnership, and improvement will result from it.

STATE BASIC SKILLS

Mr. NATCHER. How was it determined that $8,250,000 is needed for grants under Part B, the State Basic Skills Improvement Program?

Dr. BOYER. Well, that figure is just a compromise. My own preference would have been a higher figure, but the budget constraints were the driving factor there. It will give each State, I believe a minimum $50,000 as a guarantee and the remaining amount will be driven by State formula. It seemed impossible for any funding less than $8 million to make any real difference among the States.

So we started with a base, and then we allowed it to float up depending on the enrollment.

Mr. NATCHER. How many States do you estimate will apply for this money?

Dr. BOYER. Well, I am dreaming. My dream is that all of them will. We have found a lot of interest informally. Now, they may not all come in the first year, but at least that is my goal. In the State Leadership program funded under Right to Read, 54 of 57 eligible State Agencies applied for State Leadership activities

Mr. NATCHER. How will local Right to Read projects be affected by the new Basic Skills Improvement Program?

Dr. BOYER. They should not in any way except positively. The Basic Skills authority expands the current Right to Read Program to include mastery of mathematics and oral and written communication skills in addition to reading skills. In addition, two new programs have been authorized under the national discretionary component. Thus, what is currently funded under a local right to read project can be funded again or be expanded. Our hope is, though, that the other two pieces of this, the Inexpensive Book Distribution and special mathematics program and the Right to Read grants now going through the national reenforcement Statewide plan, and any local Right to Read project currently existing which is consistent with an overall State plan, would be very competitive and, at the same time complementary.

Mr. **Natcher**. Why can't these basic skills projects be carried out under the title I program?

Dr. **Boyer**. Well, title I is driven entirely by formula with a very specific purpose, and it's not at all inconsistent. In fact, it's providing a foundation. But if I might put it in maybe a trivial figure, in a way what we are talking about here is something of the ribbon on the package.

While all of that money is going out and touching districts, if now we can be assured that States have a plan that is involving not only title I but other basic skills activities, including what might be coming from the State, then I think there is a coherence and a thrust that will enhance what is being done through title I.

Let me say as a footnote to that, when I came to the Office of Education I asked how many of our activities are focused on basic skills, and I discovered that there are about 17 different programs, depending on how you count it, that have improving basic skills as one of their major purposes.

So I did create an internal—forgive the term—task force, to bring together all of the people who are working just in our office to develop some better coherence as to our purpose and how it is delivered. Our hope is that at the State level these small but strategic dollars through Part B would also act as leverage to create a Statewide plan as well as State department coherence.

COORDINATION IN BASIC SKILLS

Mr. **Natcher**. In addition to title I there are a number of other Federal programs which provide financial support for the improvement of basic skills.

What steps have been taken to encourage coordination and to prevent duplication along these programs?

Dr. **Boyer**. As I mentioned, the forming within our own office of a basic skills task force was the first step. As a matter of fact, Mr. Chairman, it was out of that that much of the inspiration governing the new legislation, the basic skill component for all of the ESEA was conceived, and in my view, with greater coordination within our office.

One other point, just two weeks ago I announced that all of our small discretionary grants in the office, some 20 separate programs, are going to be brought together under a single unit, a new bureau, that will allow us to deal in a more coherent way with these programs that have been scattered about.

One of the central units in that new office is a basic skills office and that office is going to act to coordinate what is in the Office of Education. Then, as the new authority title II stimulates that same activity at the State level and our discretionary dollars that go to the States are actually consistent with that plan, I think we are going to have more coherence and coordination than has occurred ever under this authority.

ACHIEVEMENT TESTING ASSISTANCE

Mr. NATCHER. Now, under elementary and secondary programs you are requesting $2 million to start a new program of achievement testing assistance. Why do you feel it's necessary to start this program in 1980?

Dr. BOYER. It is one of the sections in the new legislation, and we think that federal leadership is needed in this area. In fact, I think that these are almost companion authorities in some respects. On the one side we have the new basic skills authority and on the other side we have the evaluation.

While I don't think the Federal Government should get involved directly in evaluation, I think that for us to have regionally targeted contracts or grants that deal with how students are to be evaluated is an important part of a national basic skills strategy.

Mr. NATCHER. Why can't the National Institutes of Education provide testing assistance if the States need help?

Dr. BERRY. Mr. Chairman, these are complementary program objectives. The program in OE that Dr. Boyer was just describing will be to provide grants to develop programs and contracts for technical assistance. The funds in the NIE budget for basic skills and testing will be used to evaluate all of the State programs that are in existence on competency testing and give regional conferences on the use and abuse of testing thereby complementing the OE program.

It's thought to be more appropriate for OE to give grants or dissemination and give technical assistance on actual test taking and what kinds of tests to use, and for NIE to evaluate and also do research on how tests relate to teaching and learning. So they are complementary.

FOLLOW THROUGH

Mr. NATCHER. Describe the changes proposed in 1980 for the follow-through program. Just briefly, what would you say the changes are?

Dr. BOYER. John Rodriguez?

Mr. RODRIGUEZ. It is our intent to begin a new direction for the follow-through program by having competitive grants centered around a set of studies that will focus on ways of improving teaching of low income children who are educationally disadvantaged, focusing on basic skills. This will be the first time in I guess 11 years that there will be new competition for local projects.

Mr. NATCHER. How will these changes affect existing projects?

Mr. RODRIQUEZ. All of the existing projects would be eligible to compete, as would others who have not previously been served by the follow-through program. There will be those who will not be successful in the competition and it is our hope that there will be some way of phasing out their projects over a year's transition.

Mr. NATCHER. How much of the $59 million requested for follow-through is for evaluation and how much is for classroom projects?

Mr. RODRIQUEZ. Well, this past year or this year we intend about $45 million will go for classroom projects.

Dr. **Boyer**. About $4.6 million for evaluation.

Mr. **Natcher**. The Economic Opportunity Amendments of 1978 expanded the definition of eligible participants in the follow-through programs to include other children enrolled in pre-school programs of a compensatory nature which receive Federal financial assistance.

How do you intend to include these children in the program?

Mr. **Rodriquez**. Well, it would be those school districts which have compensatory education programs funded either under State compensatory education or Federal compensatory education, and in the way of pre-school programs you may be well aware there are a number of States that had pre-school programs that had been initiated by the title I program, and rather than limiting the population to strictly Head Start people as it has been in the past.

This will also broaden the base from which school districts may select eligible participants.

ENVIRONMENTAL EDUCATION

Mr. **Natcher**. According to the budget for environmental education, approximatley $3.25 million of the requested $3.5 million will be awarded for competitive comprehensive multi-year programs. What kinds of programs will be eligible for funding under this category of Environmental Education?

Dr. **Boyer**. Yes. Under Environmental Education we are trying to change the entire strategy on this, Mr. Chairman. I felt that we were giving out too many grants that were too small and were not well focused, and year after year it was hard for us to see whether any impact had occurred.

Under our proposed strategy we hope to have much larger grants that are given on the basis of combinations of school districts or regionally that go for several years. Then we use those as laboratories in terms of what is to be taught under environmental education, what is the educational impact, and how can teachers be educated to know more about the relationship between a school curriculum and the environment.

So we really are trying to create a regional resource network and have a smaller number of grants distributed regionally, possibly in each region of the country, and see whether a small amount of money in a relative sense, $3 million, can get more visibility. When it is finished we can have a sense of how schools can be changed.

But the strategy of giving very small grants to districts across the country on a competitive basis leaves us virtually without any conclusion. It might have helped those districts here and there, but we are searching, quite frankly, experimentally for a combination of school districts working perhaps with colleges and universities to see if we cannot learn more about this thing we call environmental education and how schools can make the difference.

ENERGY CONTEST

Mr. **Natcher**. The Environmental Education Act authorizes the establishment of energy contests in elementary and secondary high schools. In your budget, as you know, you have requested $250,000 for this program.

Explain to us how you intend to set up this program?

Dr. BOYER. We think this could be, here again, it's an experiment, but we would like to see if school children would be able to be challenged to compete for new proposals on environmental participation that would make a difference. If you want an analogy, we are impressed that the science fellowships and the experiments that are carried on each year where the so-called science fairs have been very successful.

We have science fairs in school districts and in States, and we have an enormous talent that is found among school children. We think this issue is of such importance and we think that young people are sufficiently interested, that we would like to see if some of that science fair enthusiasm and intelligence might be built around competitions or proposals to deal with environmental improvements on a local or statewide basis.

It's tapping the young people, some of our more gifted students, and helping them think about a national problem. It's a small amount of money, but we think symbolically it's important and it just could bring us some very important ideas in a very crucial field.

ALCOHOL AND DRUG ABUSE

Mr. NATCHER. The fiscal year 1980 budget requests a $1 million increase in funding for alcohol and drug abuse education. What is the purpose of this increase?

Dr. BOYER. Well, this is to expand the program somewhat. We think it's proved to be a successful program. It has been one that I think has had more impact than many of these small discretionary grants. Frankly, I am a little worried about programs that have a noble theme, such as providing minimum support. It's hard to know whether we are making a difference in some instances.

The Alcohol and Drug Abuse Program has followed a strategy of educating teams that come from school districts and then sending them back, and there is considerable evidence that this is one of our most effective small grant programs, so we want to invest in the winners.

But, further, Mr. Chairman, it's dealing with a problem that is a very acute one in our culture and in our schools, and we think it merits a modest increase, even in a tight budget year.

Mr. NATCHER. How effective have the existing drug abuse programs been in training school and community personnel?

Dr. BOYER. Well, we have some results; granted they are anecdotal. I saw just recently the result of a school district in Texas where their teams had been trained at one of our centers and went back and followed the strategies that were developed, and the results were dramatic.

The number of children or the cutback in the number of students who dropped out, the number of students who were on probation, the entire, I guess you would call it, crime rate or discipline rate of that school changed significantly. It seemed directly correlated to having educated school board members and administrators and teachers on how to cope with a serious internal problem.

ELLENDER FELLOWSHIP PROGRAM

Mr. **Natcher**. The budget proposes to terminate the Ellender Fellowship Program. How effective is the Close-Up Foundation of Washington, D.C. in carrying out the purpose of the Ellender Fellowships?

Dr. **Boyer**. I must report, frankly, I think it has met its purposes well. I have talked with the Director and I have seen films of the work they do. As you know, they bring young people in here in Washington to study government from selected school districts and they bring a cross-section of young people.

They do get a lot of money from other sources; they get money from foundations, as I recall, and private business. I suppose there is no quarrel with the vision they have, and I certainly have no quarrel with the way they have gone at it.

I think it has been well administered. It's a question of whether at some time this might not become, in fact, a program funded other than through Federal support.

Mr. **Natcher**. Doctor Boyer, we want to thank you and Doctor Berry and all of your associates for appearing before our committee at this time in behalf of your request for elementary and secondary education.

I think we have had a good hearing, and we want to thank you very much.

Mr. **Boyer**. Thank you, Mr. Chairman.

[The following questions were submitted to be answered for the record:]

ESEA, Title I Audits

Mr. **Michel**. Title I funds are, of course, to be used to supplement, not supplant, State and local funds. How do your regulations define this requirement?

Dr. **Boyer**. Supplanting occurs if (a) the service provided by Title I would in the absence of Title I funds have been provided to the same children with State and local funds or (b) Title I funds are used to pay more than the excess cost of a service that is being provided as a substitute for a State and locally-funded service for a group of children.

Mr. **Michel**. How many violations of the "supplement, not supplant" requirement were discovered by the auditors in 1978, and what was the total amount involved?

Dr. **Boyer**. In fiscal year 1978, HEW auditors discovered one violation of the "supplement, not supplant" requirement involving $398,495.

Mr. **Michel**. Have you demanded repayment of these funds?

Dr. **Boyer**. Yes, repayment has been demanded for the total amount ($398,495) involved in the "supplement, not supplant" audit exception in fiscal year 1978.

Mr. **Michel**. There was an NIE study a couple of years ago which showed that each Title I dollar actually increases educational expenditures by only 67 cents, because States and localities reduce their own expenditures by 33 cents per each Title I dollar received. Do you have any kind of a recent update of these figures?

Dr. **Boyer**. No more recent data are available. As part of its investigation of alternative grant structures for Title I assistance, NIE developed a computer simulation of the aggregate and distributional effects of alternative grant structures for Title I assistance. Using 1970 data for the simulation, the econometric analysis showed that Title I aid is more powerful in stimulating local spending than would be expected of the traditional block grant, i.e., other Federal aid or State aid programs. The NIE results need be viewed with caution since the differential expenditures "per pupil" refers to all students in a district because data were not available with which to examine directly spending on different schools or on program eligibles separately.

USOE reviews local programs and maintenance of effort and comparability data indicate that Title I funds supplement and do not replace State and local education funds.

Mr. **Michel**. What was the total amount of Title I funds which HEW auditors found was misspent in 1978?

Dr. **Boyer**. HEW auditors in fiscal year 1978 found that $2,662,100 in title I funds were misspent.

Mr. **Michel**. Of this amount, how much have you sought to recover?

Dr. **Boyer**. Of the $2,662,100 in audit exceptions found by HEW auditors in fiscal year 1978, the Office of Education has sustained and sought to recover $2,619,018.

Mr. **Michel**. Covering the audits of the past five years, what was the total amount the auditors found was misspent, how much have you sought to recover, and how much have you in fact recovered to date?

Dr. **Boyer**. During Fiscal Years 1974-78, the auditors questioned $132,151,738 of Title I expenditures. We have sustained $47,732,261 of the amount questioned and have sought recovery of $16 million. The recoveries to date total approximately $2,268,000. The additional $37 million is pending before the Audit Hearing Board.

Mr. **Michel**. For those amounts you do not seek to recover, would you explain why in the record?

Dr. **Boyer**. The Audit Agency exceptions for which recovery have not been sought include $37,686,655 which is currently being appealed to the Audit Hearing Board by the audited agencies and approximately $26,019,000 for which recovery is precluded by the statute of limitations. Additional amounts were not sustained as a result of information provided by the States which demonstrated that the expenditures were allowable. In some instances, refunds were not sought because the audit report did not contain sufficient detail to identify with particularity those expenditures which were questioned by the auditors.

Mr. **Michel**. When you seek to recover monies, does this usually mean you reduce the next year's allotment to a district by that amount?

Dr. **Boyer**. The reduction of a district's entitlement is not used as a method to repay misspent Title I funds. Repayments must be made from non-Federal sources or from Federal funds that a district does not have to account for to the Federal Government.

Mr. **Michel**. I understand that it was recently found that $3.8 million of Title I funds were misspent in Chicago. What's the status of this? Are you seeking repayment, and if so, when?

Dr. **Boyer**. A draft of a proposed audit report was released to the Illinois Office of Education and the Chicago Board of Education. The report has been made available for review and comment prior to developing the report in final form.

Mr. **Michel**. How often is each district's Title I program audited?

Dr. **Boyer**. In the past, most districts have had annual cash audits of their expenditures including funds expended for Federal grants. In addition, many State educational agencies have provided for periodic audits of Title I expenditures. Beginning in 1980, States must provide for audits of Title I expenditures to determine the fiscal integrity of financial transactions and reports and compliance with Title I requirements. These audits must be made with reasonable frequency considering the nature, size, and complexity of the activity.

Title I Eligible Children

Mr. **Michel**. Last year we were told that of the 3 million elementary school pupils who participated in Title I, only 1.2 million were from low-income families. Do you have any recent updates of these figures, covering also, perhaps, secondary school pupils?

Dr. **Boyer**. No more recent update of these figures is available nor of participation at the secondary level.

Mr. **Michel**. When you arrive at an estimate that 11 million or so children are eligible for Title I, does that figure include these non-low-income children currently participating in the program?

Dr. **Boyer**. 11 million children is our estimate of the number of educationally disadvantaged children, K-12, residing in eligible Title I attendance areas. As such, the figure would include educationally needy children from both non-low-income and low-income families.

Mr. **Michel**. (If so) then of the 11 million eligible, how many are really from low-income families?

Dr. **Boyer**. Based on data available on Title I schools, grades 1-6, we estimate that over one-third (36 percent) of the educationally disadvantaged children are from poor families. That percentage almost doubles (61 percent) when we add children from families who are above the poverty threshold but who are still relatively poor. Although precise data for secondary students are not available, we believe that the percentage would remain unchanged.

Mr. Michel. What specific criteria do your regulations set forth governing the selection of pupils to participate in the Title I program?

Dr. Boyer. Each local educational agency establishes its own specific criteria for the selection of the children to receive Title I services. All children selected, however, must be educationally deprived, and residing in eligible school attendance areas and must be in the greatest need of special assistance, as required by the Title I statute.

Children previously served who are no longer in the greatest need for special assistance, may continue to receive services as long as they remain educationally deprived.

Use of Title I Funds

Mr. Michel. Are there any studies which show the percentage of Title I services which are provided in regular classrooms and the percentage in separate instructional settings?

Dr. Boyer. The NIE report, "Compensatory Education Services," notes that its survey found that 75 percent of the children in compensatory reading programs receive such services in separate instructional settings (pull-out), while somewhat smaller proportions are pulled out for language arts (41 percent) and mathematics (44 percent). Data from USOE's "Sustaining Effects Study" indicate that while the pull-out setting is used in a large portion of Title I schools (81 percent), compensatory services are also provided the same students in the regular classroom, with pull-out seldom being the only setting used in a Title I building.

Mr. Michel. For those Title I services which are provided in the regular classroom, can school districts use Title I funds to pay a portion of the teacher's salary?

Dr. Boyer. Title I funds are not available to pay a portion of the regular classroom teacher's salary. It is the responsibility of local school districts to provide the basic instructional program for all children. Title I funds are available only to pay for the supplemental services provided to Title I eligible children by personnel hired for this purpose in cooperation with or under the guidance of the regular classroom teacher.

Mr. Michel. If Title I instruction is provided in the regular classroom, presumedly all the students in the classroom participate, is that correct?

Dr. Boyer. Only Title I students are to participate in Title I activities. If the classroom membership is composed of Title I and non-Title I students, only those identified as Title I students may participate/receive Title I instruction. If, however, the membership of the classroom is composed exclusively of Title I students then all students in that classroom may participate.

Mr. Michel. How does Title I instruction in the classroom differ from normal classroom instruction?

Dr. Boyer. Title I instruction differs from normal classroom instruction in several ways: each Title I student receives more instruction time, much smaller groups, more intensive instruction tailored to individuals needs and it is more likely to be provided by specially trained staff.

Mr. Michel. Of the total we are spending on Title I, what percentage would you say goes to pay teachers salaries?

Dr. Boyer. Approximately 87 percent of local Title I funds is for salaries, including fringe benefits. This percentage includes salary costs of aides and counsellors as well as teachers who provide supplemental services to Title I children.

Mr. Michel. What percentage of the allocation for teachers' salaries goes for extra hours of work on the part of the teachers?

Dr. Boyer. Title I services are normally provided during the regular school day and staff employed to perform Title I services are not required to put in extra hours of work.

Mr. Michel. Do you monitor this in any way?

Dr. Boyer. Monitoring is conducted to assure that Title I funds are spent only for the time instructional personnel are working in Title I programs during the normal school day.

Mr. Michel. Do you prescribe any criteria as to the type of instructional services which must be provided under Title I?

Dr. Boyer. No, we do not prescribe criteria for the instructional services to be provided under Title I. However, school districts are required to assess the needs of the eligible children. Through this process they are identifying reading and mathematics as the highest priority instructional areas.

Mr. Michel. Is a school district's funding conditional in any way on pupil achievement under Title I?

Dr. **Boyer**. The local educational agency entitlements are based on the number of children from low-income families residing in the district. However, a local educational agency may receive these funds only if effective procedures are adopted for evaluating the effectiveness of the program in meeting the special educational needs of the children.

Mr. **Michel**. What portion of Title I funds currently goes for non-instructional services?

Dr. **Boyer**. According to NIE, approximately 25 percent of the funds are used for non-instructional services. Approximately 5 percent of these funds are spent for services which support the instructional programs, such as health, food, transportation, counseling and social work, and parental involvement (community services). The remaining funds are spent for administration, fixed charges, operation and maintenance of plant, etc.

Mr. **Michel**. Do I understand that school districts can use Title I funds to cover expenditures such as heat, light, maintenance, part of principal's salaries, etc?

Dr. **Boyer**. It is the responsibility of local school districts to provide free public education to all children, including Title I children. Overhead expenses such as heat, light, maintenance and principal's salaries represent part of the operating costs of maintaining the regular school system and, as such, are not chargeable to Title I. Only those additional costs which are directly attributable to the Title I program which must be supplemental to the regular school program can be charged to Title I.

Mr. **Michel**. What is the total amount of Title I funds which goes for overhead type expenditures?

Dr. **Boyer**. Data are not available on expenditures by category. According to an NIE study, approximately 1½ percent of the Title I funds are used for maintenance and operation of plant.

Mr. **Michel**. With approximately two-thirds of all elementary schools now participating in Title I, and with 60 percent of the participating pupils coming from non-low-income families, doesn't it appear that this program has become too broad in its coverage, and isn't focused sharply enough on the real needs?

Dr. **Boyer**. We feel that Title I funds are focused sharply on the real needs. Services are provided to the most educationally deprived children in schools with high concentrations of children from low-income families.

The legislation recognizes the relationship between low achievement and schools with concentrations of children from poor families. Where such concentrations exist, it is not just the poor children who are low-achievers, but many children of non-poor families as well. An educationally deprived child in a poor area is not excluded from participating in Title I projects because he or she is not from a low-income family.

The "Sustaining Effects Study" found that Title I services are moderately well focused on needy children primarily in terms of their low achievement, but also in terms of their low-income background.

The Title I funds are sufficient to serve only one-half of the educationally disadvantaged children who are currently eligible to participate in Title I programs.

Mr. **Michel**. If you wish to sharpen the focus through use of this new concentration component, why not simply substitute this for a portion of the regular Title I funding rather than adding it on top?

Dr. **Boyer**. The concentration component is a carefully designed formula for distributing additional funds to the areas which are heavily impacted with children from low-income families. Children in over 14,000 school districts are currently receiving special services provided with the Title I basic grants and these grants are sufficient to serve only about one-half of the eligible children. No increase has been requested in the 1980 budget for basic grants. To substitute a portion of these funds for distribution under the concentration formula would mean that the same number of children could be served, but in different school districts. A reduction in basic grants would mean that in most of the school districts, services to educational deprived children would have to be reduced, teachers fired, etc. Since there is no justification for this, additional funds are requested for the concentration provision to be added to the basic grants.

Title I Evaluation Studies

Mr. **Michel**. Outside of the NIE study, are there any other recent studies which show any measurable educational achievement under the Title I program?

Dr. **Boyer**. Two additional studies of national scope show that Title I services result in positive achievement gains for children. "Patterns in Title I Reading Achievement," conducted by Stanford Research Institute, showed title I average gains of better than month-per month, declaring Title I a national success. "The

Compensatory Reading Study," conducted by Educational Testing Service, indicated that Title I arrests the negative achievement pattern of disadvantaged children resulting in a reduction in the reading gap between them and their non-disadvantaged peers.

Mr. MICHEL. Are there any recent studies which show no achievement?

Dr. BOYER. We are unaware of any such studies.

Mr. MICHEL. Isn't it true that the achievement found in the NIE study occurred only in the best, most well managed Title I projects?

Dr. BOYER. The NIE study was designed to provide detailed information on the relationship between selected program characteristics and student performance in reading and mathematics. Care was taken to include classrooms with a range of income levels and ethnic composition similar to the national average for Title I and to provide wide variations in the main instructional techniques.

However, to avoid confounding of data which could occur by including schools implementing new projects or having new or inexperienced staff, schools were examined for the stability, as well as the content, of their programs, and classrooms were selected only if their instructional programs had been in use for at least one year. Principals and teachers generally had prior experience with Title I, and no major changes in the student population were expected during the period of study.

Mr. MICHEL. Do we have any studies which show the portion of school districts which have well managed Title I programs?

Dr. BOYER. There are no studies which provide this information.

Mr. MICHEL. Do you make any effort at all on a yearly basis to determine which districts have good Title I programs and which do not?

Dr. BOYER. Yes, there is a continuing effort to identify exemplary programs. The Office of Education annually submits nominations of exemplary projects for State education departments.

During school years 1977—78 and 1978-79, 4,200 local Title I personnel were given an opportunity to learn about 28 exemplary Title I projects (nominated in prior years) for possible adoption and potential program improvement in their districts.

NATIONAL ADVISORY COUNCIL FOR THE EDUCATION OF DISADVANTAGED CHILDREN

Mr. MICHEL. Regarding the national Advisory Council for the Education of Disadvantaged Children, I understand that expense vouchers for members of the Council are unpaid as far back as December. Is that correct?

Dr. BOYER. Two vouchers for expenses incurred in December by Council members have not been processed.

Mr. MICHEL. If so—Why the delay and when will they be paid?

Dr. BOYER. The Council staff has not been reimbursed since the vouchers have not been forwarded to the Office of Education for payment. The vouchers are typically forwarded to OE several weeks after the expenses are incurred by the Council staff.

Once the vouchers are received in OE, the processing of these documents usually takes from 4 to 6 weeks.

TITLE VII: SERVICE OR DEMONSTRATION PROGRAM?

Mr. MICHEL. You are asking for another increase this year ($15 million) for Bilingual Education. This was originally designed as a temporary demonstration, but with these continued funding increases, appears to be turning into a service program. Is that how you envision this, as a permanent service program?

Dr. GONZALES. Although the Bilingual Education program was originally designed to be a demonstration program, it has never properly functioned in this way. Rather, as appropriations have increased in response to growing demands, Title VII funds have been used to support a multi-faceted approach to bilingual education. Support for local educational agencies has focused on paying bilingual education startup costs and installation of programs; Title VII funds have also gone to institutions of higher education to support teacher training to build up a cadre of adequately-trained teachers for the local districts; awards have been made to State educational agencies to coordinate the efforts of local school districts and provide them with technical assistance; and grants for the development, assessment, and dissemination of bilingual materials have been intended to meet the needs of local school districts for high-quality non-English language materials.

Public Law 95-561 mandates a study of the feasibility of converting the Title VII program to a formula grant program by July 1, 1984. The study, to be submitted to congress by December 31, 1984, is to include estimates of the cost of converting to a formula program, as well as recommendations about whether such conversion would best serve the needs of limited English proficient children.

Since title VII has not fulfilled original expectations as a program to demonstrate effective bilingual techniques, the agency is planning to specifically promote such efforts in fiscal 1980 in two ways. Through studies and evaluations funded under Part C of title VII we expect to determine good bilingual instructional approaches. Moreover, we hope to use about $5,000,000 to support the development of model programs at approximately 50 of the most successful continuing local projects, by strengthening their administrative, evaluative and dissemination components.

FOCUS ON TEACHING ENGLISH

Mr. MICHEL. Your statement indicates that the purpose of the program is to enable children to become proficient in the English language. I'm glad to hear that, because for a while, it appeared we had forgotten that this should be the primary focus. Are all projects being required to have the teaching of English as their primary component?

Dr. GONZALES. Yes. The objective of the Bilingual Education program, and of the projects it supports, is to develop the English proficiency of children who are limited in their command of English. The amount of class time devoted to English depends on the language skills of the individual child: a first-grader who speaks only Spanish might have most of his school instruction in Spanish, with some instruction in English as a second language; as his English competence increases, the amount of classroom instruction in English would also increase.

To assure that bilingual programs focus on achieving English language competence and transferring children to English language classrooms, projects are required to evaluate each child who has been in a Title VII program for two years to determine whether the child should remain in the program. Moreover, by regulation, school districts must now submit a plan to identify children who have achieved English proficiency and provide for the transfer of these students to English language classrooms. The Office of Education will monitor the success of project efforts to develop English proficiency in participating students and to transfer them to regular school programs.

PARTICIPATION OF ENGLISH-SPEAKING STUDENTS

Mr. MICHEL. Have you established any standards to insure that regular English-speaking students do not participate? If so, what specifically?

Dr. GONZALES. The Education Amendments of 1978 allow up to 40 percent of the students in a project to be non-English limited. According to the law, English speaking children may be in the classroom: "In order to prevent the segregation of children on the basis of national origin in programs assisted under this title, and in order to broaden the understanding of children about languages and cultural heritages other than their own. * * * The objective of the program shall be to assist children of limited English proficiency to improve their English language skills, and the participation of other children in the program must be for the principal purpose of contributing to the achievement of that objective."

The agency recognizes the value of including English-speaking children to provide cultural diversity and language stimulation. However, in order to assure that Federal funds are targeted on children most in need of services, the Department of Health, Education, and Welfare has established the goal that 75 percent of project participants nationwide should be limited-English proficient children. We anticipate that this goal will be reached by October 1979.

LENGTH OF TIME TO DEVELOP ENGLISH FLUENCY

Mr. MICHEL. Have you established any criteria governing the length of time it should take for a project to prepare a child to participate in a regular English-speaking classroom?

Dr. GONZALES. The length of time it takes to prepare a child to participate in the English language classroom depends on many factors, including the child's aptitude and age, his familiarity with English, the resources devoted to teaching him English, and so forth. For this reason, we have not established criteria to determine precisely the length of time it will take a given child to master English. It is, however, possible to develop criteria which provide information about the level of language skill the child must acquire if he is to participate effectively in an English language classroom. The Office of Education is now developing such standards to determine when a child is ready to exit the bilingual classroom. These standards should help school districts to better judge the amount of time generally needed for children to develop fluency.

Limitation on Length of Federal Funding

Mr. Michel. According to your statement, 625 school districts will receive funding in 1980. Can a school district receive funding ad-infinitum, or is there a limit, after which they must rely solely on state and local funding?

Dr. Gonzales. The statute limits support for each project in a local school district to a period of one to three years, depending upon the severity of the problem addressed, the nature of the proposed activities, and the quality of the proposal. However, a school district may subsequently apply for another grant addressing different needs, such as a project for a different language group or for additional grades.

The statute now requires a commitment on the part of school districts to continue projects after federal funding has ended. Regulations require local education agencies to provide evidence that: (1) Federal funds will build the applicant's capacity to provide a quality bilingual education program; and (2) the applicant is committed to continuing the program once federal funds are no longer available.

Project Performance Criteria

Mr. Michel. Have you established any performance criteria, which would determine whether a project would continue to be funded beyond the initial year?

Dr. Gonzales. The Office of Education has published Interim Final Regulations to govern fiscal year 1979 awards. As required by the Education Amendments of 1978, the Commissioner will base the decision to continue beyond the initial year on the following criteria:

(1) The availability of funds and the eligibility of the local educational agency to continue receiving funds and

(2) Demonstration that satisfactory progress is being made toward achieving the objectives of the program, including the requirements (a) that parents of children participating in the program are informed of the instructional goals of the program and of the progress of their children, and (b) that the Advisory Committee is participating in the implementation of the program.

In evaluating progress reports submitted by projects, special attention will be given to performance objectives, including the following:

(a) That the program serve those children most in need;

(b) That the program successfully identify those children who have achieved proficiency in English;

(c) That the LEA provide from State and local funds the resources necessary to assure academic achievement of those children who have achieved proficiency in English and are no longer in the bilingual program;

(d) That the local educational agency demonstrate committment to build its capacity to deliver a program when funds are reduced or no longer available;

(e) The extent to which LEA personnel are bilingual; and

(f) The extent to which comparable services are being provided for children enrolled in non-public schools whose educational needs, language and grade levels are similar to those of the funded public school program.

More extensive criteria to govern the continuation of funding after an initial project year may be developed and published in the future.

Support and Innovation

Mr. Michel. Is any of the research under the Support and Innovation Program being put to use in the Title I program?

Dr. Boyer. We are not aware of any substantive research under the Support and Innovation Program that is applicable to Title I. The Title I staff, however, is working with the Title IV staff in the development of a coordinated delivery system for basic skills instruction, and in the adoption of exemplary Title I projects. Also, the Title I staff will disseminate and utilize any promising practices which evolve from the projects authorized under Section 431(a)(2) of Public Law 95-561 to develop and demonstrate improved means of carrying out programs for educationally deprived children.

ESEA Title V-B Strengthening State Educational Agency Management

Mr. Michel. Why are we continuing to fund the State Educational Management Program?

Dr. Boyer. School districts in every State are under the general supervision of the State through its State educational agency. There is a continuous stream of educational issues emerging each year. State educational agencies are required to play a coordinating role in dealing with those major educational issues. A great many State and national educational needs would be neglected without the use of these program funds. Many of the responses to needs identified by the Congress are supported with these funds. For example, the establishment and development of a program of technical assistance to private schools which are eligible to participate in Federal programs; to assist in the development of statewide testing programs and the development of competency based graduation requirements; to assist with surveying the needs of schools for energy conservation; to develop standards for modifying buildings for access by the handicapped; and to develop more efficient data gathering methods to reduce paperwork.

Mr. **Michel**. What portion of the $51 million under this program will go to pay State personnel?

Dr. **Boyer**. The total of employees in all State educational agencies is about 25,000. The number employed in fiscal year 1977 with Strengthening State Educational Agency funds was but 7.5 percent of this total or 1,888 full-time equivalent positions. About 80 percent of the funds are utilized for State staff who carry out the technical assistance for local educational agencies described above.

ENVIRONMENTAL EDUCATION BUDGET REQUEST

Mr. **Michel**. Why are we continuing to fund the Environmental Education Program? Haven't we demonstrated enough different approaches under this program by now so that it can be discontinued?

Dr. **Boyer**. Thus far, the Environmental Education Program has focused on the development of the basic resources needed for the design and implementation of programs which can demonstrate effective approaches to environmental education, as defined by the Environmental Education Act. Now there has been sufficient progress in developing basic resources to permit us to focus on the next stage—namely, the design and implementation of programs which can demonstrate effective approaches. Beginning in fiscal year 1980, we plan to initiate the support of comprehensive multiyear programs through which information can be provided on effective approaches and, equally important, on effective methods for implementing and institutionalizing these approaches to environmental education.

EMPHASIS ON STATE COORDINATION

Mr. **Michel**. Your statement refers to supporting State coordination of basic skills programs. What is involved here?

Dr. **Boyer**. It's pretty clear in the law and Committee reports that the Congress placed a great deal of emphasis on the concept of coordination. HEW intends to make coordination specific—as specific as possible. And HEW intends to reward agencies who do coordinate their resources in basic skills and to support those agencies to further coordinate. Perhaps the biggest way HEW can support coordination of basic skills resources is to make it a priority item in project peoples' minds. This we have done by placing great emphasis with a maximum number of points in the selection criteria which will eventually be used by experts who read applications under the Basic Skills Program. We intend to support States who will be asking local agencies to clearly spell out which agencies are going to coordinate in basic skills, what specific tasks will they coordinate, and for what reasons will they coordinate.

In every way possible—through regulations, through conferences, through onsite visits to grantees, through application information, etc.—HEW intends to encourage States and localities to coordinate the basic skills resources in keeping with Congressional intent.

IMPACT OF BASIC SKILLS INCREASE

Mr. **Michel**. What will the $7.2 million increase in the Basic Skills Program be used for?

Dr. **Boyer**. The following table gives a breakdown of the program activities and the level of funding requested for fiscal year 1980.

	1979[1]	1980	Change
Budget authority (thousands)	$27,750	$35,000	+$7,250
Part A (National):			
Technical Assistance[2]	...	2,000	+2,000
Instruction in basic skills	[3]8,400	7,500	−900

	1979[1]	1980	Change
Parental involvement[3]	....	1,500	+1,500
Use of technology[3]	....	2,000	+2,000
Involvement of education agencies	[4]5,130	6,000	+870
Collection and dissemination	800	1,000	+200
Subtotal	14,330	20,000	+5,670
Part B (State): State basic skills program	6,400	8,250	+1,850
Part C:			
Inexpensive book distribution (RIF)	6,000	6,000	....
Special mathematics program	[5]750	750	....
Subtotal	6,750	6,750	....
Evaluation	270	....	−270

[1] Fiscal year 1979 was funded under the National Reading Improvement Act and data refers to reading activities only.

[2] Comparable to reading improvement projects in 1979.

[3] Authorized by Public Law 95–561, no comparable activity in Public Law 93–380.

[4] Funded as Reading academies in 1979.

[5] Program transferred from the Emergency School Aid Act to basic skills (ESEA, Title II) by Public Law 95–561.

ESEA, TITLE I

Mr. CONTE. What kinds of special programs do Title I funds for the disadvantaged pay for? Is policy on this set at the national level, or is a large measure of independence left to the local educational authorities?

Dr. BOYER. Title I funds for the disadvantaged are used to pay for educational programs which are considered to be compensatory in nature. Of the total number of children who participate in title I programs, 85 percent receive remedial instruction in reading or language arts, 44 percent in mathematics, 4 percent in English, and 2 percent in special activities for the handicapped. In support of the basic instructional activities, health and nutritional services are provided to 21 percent of the participants, with 19 percent receiving assistance through social work, guidance, and psychological services. Four percent of the participating children are provided with transportation. Over all, 75 percent of Title I expenditures are used for instructional costs of the program.

Title I programs are planned and designed at the local level. After completing a documented assessment of the special educational needs of the educationally deprived children in areas with concentrations of children from low-income families, the local educational agency designs title I projects on a priority basis.

Mr. CONTE. What do you feel, are the limitations on what ESEA funds can do for "neglected or delinquent children in State-operated institutions?" Are rehabilitation and educational programs proving to be effective?

Dr. BOYER. What we can do for the institutionalized child is to provide funds to address his or her individual educational needs. The Title I funds enrich the ongoing educational programs, assuring services for those children who are in the most dire need for assistance. What we are doing primarily is, providing the children with the opportunity to advance their capabilities in reading, math, and the language arts.

A national study is underway to study the effects of the title I services on institutionalized neglected and delinquent children. Test scores in a number of Title I programs show a minimum of 1½ months growth for every month in the program. General Education Development programs have a high success rate, between 85 and 92 percent in most States. Eighty percent of the inmates eligible for adult basic education complete the offering. Measuring the success of education in institutions is difficult because of the typical short-term incarceration and there is no follow-up after the individual leaves the institution.

Education is only a small part of rehabilitation. We have no data on the effects of the total rehabilitation programs which are being offered.

NUMBER OF CHILDREN SERVED

Mr. CONTE. You estimate that you will serve 54,500 neglected and delinquent children. What do you estimate to be the total number of children who might fit into this category? For those served, is the money having any clear impact?

Dr. BOYER. The number of 54,500 is the estimated average daily attendance of the institutionalized children in school and covers the entire number of neglected and delinquent children who are eligible for title I services. The average daily attendance figure is used because there is a rapid turnover in the population in the institutions. A national evaluation of the Title I program for neglected and delinquent children in State institutions is currently underway. The first phase of the study was designed to provide descriptive information about the program; the second will yield estimates of the impact of the program; and the third will develop evaluation models for use by State and project administrators. This study will be completed in late 1980.

Mr. CONTE. You state that the approximately $3.5 billion you will spend under Title I will go to roughly 7 to 7.5 million disadvantaged children in elementary and Secondary Schools. How do you measure what positive effect you have on the 7 million served? Is it even possible to measure this? I am a supporter of this program, but I am concerned with the notion that there are few ways to monitor the impact of this money.

Dr. BOYER. Measuring the effect of a supplementary program upon such a large number of children is no easy task; however, there are some ways to assess impact. First, since Title I is intended to provide extra services to needy children, it is relatively easy for local districts, States, and USOE to maintain counts of children served. Second, State reports and independent national studies provide information on the achievement gains attributable to title I. In addition to the State evaluation reports, three recent studies offer corroborative data for us to conclude that Title I has had a positive impact on student achievement. "Patterns in Title I Reading Achievement," prepared by Stanford Research Institute, found average Title I student gains of better than month-per-month and concluded that Title I was a national success. "The Compensatory Reading Study," conducted by Educational Testing Service, indicated that Title I arrests the negative achievement pattern of disadvantaged children and causes them to reduce the reading gap with their non-disadvantaged peers.

"The Compensatory Education Study," conducted by the National Institute for Education, found that Title I children made better than month-per-month gains in reading and mathematics. Both USOE and State educational agencies will continue to monitor local school districts annually to assess program impact.

REQUIRED REPORTS

Mr. CONTE. How many reports are State agencies required to submit each year discussing the use and impact of Title I funds? How long does it take to fill out these report forms? Is there any State that appears to use the allotted monies better than others?

Dr. BOYER. States are required to submit annual reports on numbers of children served, areas of service, staffing, and training. Once every two years States will submit an evaluation of Title I achievement gains. The annual submission is estimated to require 20 man-hours and the biennial evaluation report an additional 160 man-hours for each State.

The NIE report, "Administration of Compensatory Education," concluded that those States which use most of their administrative funds to hire staff are able to manage their programs more effectively. The findings suggest that staff-intensive activities have a substantial impact on local administration. However, names or rankings of States are not available.

NEGLECTED AND DELINQUENT CHILDREN

Mr. CONTE. Funds for neglected and delinquent children are limited to people under age 21. Aren't there any young adults older than this who do not have a high school degree who need help? Are there any other programs to cover this?

Dr. BOYER. The Title I funds are limited to people under 21 since the law requires that the funds be used solely for children.

In the institutions for juvenile delinquents and neglected children, the number of persons over 21 years of age is minimal so most of these children are eligible for Title I services.

A recent study showed that the majority of the people confined in adult correctional institutions, with sentences of 1 year or more, clustered between the ages of

18 and 25. Over 75 percent of the total population in these institutions were not high school graduates at the time of their commitment.

Funds to provide limited educational services are available for these people from other Federal programs. These include Adult Basic Education, Law Enforcement Assistance Administration, Teacher Corps, Vocational Technical Education, Comprehensive Employment and Training Act, Employment Services, Student Loans, and Veterans Administration Benefits.

TITLE I SET-ASIDE FOR HANDICAPPED

Mr. CONTE. Are the States doing all they ought to forthrightly improve the opportunities of handicapped children to have an equal education?

Dr. BOYER. Our data show considerable increases in the numbers of children being served with Title I set-aside (Public Law 89-313) monies, both in institutions and local educational agencies (LEAs), since the program's start in 1966. During this same period, there has also been an increase in the number of institutions and LEAs eligible to receive Public Law 89-313 monies for the purpose of supplementing their basic educational programs for handicapped children.

In response to special interests advocates and the Part B Regulations to Public Law 94-142, many States have initiated programs to reduce the number of handicapped children being unnecessarily educated within their residential facilities. States are working towards educating institutionalized children in the local districts, providing that the districts can appropriately educate the returning child. To facilitate the deinstitutionalization process, many innovative practices have been developed by State agencies using Public Law 89-313 monies. For example, States are establishing positions for professionals who will counsel parents, act as community liaison representatives, home economists and life skill planners. In addition, special education instructional staff, both professional and paraprofessional provide in-service training and assistance to regular classroom teachers. LEA's are actively coordinating with and benefitting from the services of health and clinical personnel maintained by agencies as a result of Public Law 89-313 funding.

As institutions continue to return those students who can benefit from instruction in LEAs, some are also developing new expertise in developing educational programs for more severely and multiple handicapped children. Agencies now have more of an opportunity to develop intervention activities which are designed to initiate contact with severely handicapped children as infants so that optimal growth can be maintained as a result of early coordinated efforts by the institution and parents.

The Office of Education awarded a contract to REHAB Group, Inc. to study the effectiveness of the Public Law 89-313 program. We will be submitting a report of their findings to the Congress this summer.

OPERATION OF THE MIGRANT EDUCATION PROGRAM

Mr. CONTE. Which are the States that receive funding from the Programs for Migratory Children? Does HEW have any statistics showing whether children of migratory workers are themselves migratory workers or not? How many years has this program been in existence?

Dr. BOYER. Forty-seven State educational agencies currently receive funding from the Migrant Education Program. Of the 50 States and Puerto Rico, only Alaska, Hawaii, New Hampshire, and Rhode Island do not currently operate a Migrant Education Program. However, just this year (fiscal year 1979), Alaska has been provided with a small planning grant that will enable the State to identify its migrant child population and to participate fully in the Migrant Education Program of fiscal year 1981. Exploratory discussions and activities have also been taking place between the Office of Education and New Hampshire. Similar discussions and activities are also planned with Hawaii, Rhode Island and the outlying territories. If any of the current "non-participating" States do not indicate an interest in participating in the Migrant Education Program, the Office of Education has plans to secure alternative child data so that funds can be generated for use by another agency (In the event that a State educational agency is "unwilling" to provide a Migrant Education Program, the Commissioner of Education is authorized by law to "by-pass" the SEA and provide the funds to another agency).

The Department has no statistics from which it can estimate the number of migratory children of migratory workers who are actually workers themselves. However, program staff members experienced with the Migrant Education Program and knowledgeable of the beneficiary population agree that substantial numbers of these children also work in the fields themselves. During the normal school year period, most of the working children are between the ages of 10 and 21. During the summer months, however, many additional numbers of younger migratory children can be found working in the fields with their parents and older siblings. As you know, recent amendment of the Fair Labor Standards Act permits the employment of children as young as 10 years of age to work in agriculture (under certain conditions and during certain periods of the year). The presumption of the program staff members is further supported by data that the Department does have, reflecting the extremely low number of migrant children enrolled in intermediate and secondary schools and the abnormally high dropout rate for these children (about 90 percent of migratory children do not graduate from high school).

The Migrant Education Program has been in existence since fiscal year 1967; therefore, fiscal year 1980 programs (to begin July 1, 1979) will mark the program's 14th year of operation.

DROPOUT PREVENTION

Mr. **CONTE**. What success is the part of your Support and Innovation Grants dedicated to "dropout prevention" having in achieving their goal?

Dr. **BOYER**. At the outset it should be noted that there is no statutory requirement to fund local projects in the area of dropout prevention. However, information submitted voluntarily by 11 States for Fiscal Year 1977 indicates support for 37 dropout prevention projects at an estimated cost of $902,350. Although heavy paperwork restrictions have been placed on OE in terms of data we can collect, the information we have been able to get indicates that the programs are helping.

Mr. **CONTE**. How many high school students dropped out last year?

Dr. **BOYER**. According to Department of Labor, Bureau of Labor Statistics, there were 820,000 high school dropouts in 1977-78. The National Center for Educational Statistics reports that the percentage ratio of 1976-77 high school graduates to students enrolled in the 9th grade 4 years earlier was 74.6 percent.

Mr. **CONTE**. What are your most recent statistics on unemployment rates for dropouts as opposed to high school grads?

Dr. **BOYER**. According to Department of Labor, Bureau of Labor Statistics, the unemployment rate among dropouts 16-24 years of age in 1977 was 20.4 percent compared with 12.2 percent for the total 16-24 population. The unemployment rate among dropouts 16-24 years of age in 1978 was 18.6 percent compared with 10.8 percent for the total 16-24 population.

NUMBERS OF LIMITED ENGLISH PROFICIENCY CHILDREN

Mr. **CONTE**. How many students are there currently who have a very limited command of English as their primary language?

Dr. **GONZALES**. The 1976 Survey of Income and Education conducted by the National Center for Education Statistics (NCES), reported that about 5 million children between the ages of 6 to 18 live in a household in which a language other than English is spoken. The recently-completed Childrens' English and Service Study, conducted by the National Institute of Education (NIE) in cooperation with the NCES, provides data about numbers of children with actual limited English proficiency. The results of this study are undergoing departmental clearance. Congress will be provided with copies of the study when the clearance process is completed.

TIME NEEDED TO LEARN ENGLISH

Mr. **CONTE**. How many years of training ought a non-native have before he or she can function effectively in English?

Dr. **GONZALES**. The time needed for a non-native to develop proficiency in English varies. Such factors as aptitude, the age at which the child is first taught English, and the resources devoted to teaching English, all affect the speed with which fluency is achieved. The Office of Education is now conducting a study on criteria which can be used by school districts to determine when children should enter and exit bilingual programs. This study may help school districts predict the time needed to develop English competency in their students.

TITLE VIII ASSISTANCE TO STATE EDUCATION AGENCIES

Mr. **CONTE**. Which States receive most of the Grants to States money?

Dr. **GONZALES**. California, Texas, and New York have received the largest awards for technical assistance under the program of assistance to State education agencies. In fiscal year 1978, out of a total availability of $4,375,000, the awards for these States were: California, $1,206,273; New York, $838,854; and Texas, $657,892.

By law, an award to a State agency is limited to 5 percent of the amount granted to local education agencies in that State during the previous fiscal year. As a result, there is a wide range in the size of awards. In fiscal year 1978, for instance, awards ranged from the high of over a million dollars for California to the low of $2,099 for Indiana.

COST OF BILINGUAL FELLOWSHIPS

Mr. **CONTE**. You are asking for $5.5 million for fellowships to train 775 bilingual education teachers. That is a unit cost of nearly $7,100 per fellowship. Can nothing be done to train a larger number of teachers for this amount of money?

Dr. **GONZALES**. The $5.5 million requested for the fellowship program will support approximately 775 graduate students preparing, not to become teachers, but to become college faculty in the area of teacher training. The fellowship includes an amount for tuition, books, and fees required by the institutions, in addition to an allowance for dependents and a stipend based on prior teaching experience in bilingual education. Most of the fellows have had extensive teaching experience; even with the stipend, they face reduced incomes. For an individual accustomed to supporting a family on a salary of from $10,000 to $15,000 a year, accepting a bilingual education fellowship at an average award of $7,100 represents a severe cut in income.

We should point out that there are other training programs targeted on the inservice and preservice training of bilingual education classroom teachers, and for which the per-student cost is considerably less.

BILINGUAL DESEGREGATION GRANTS

Mr. **CONTE**. I am curious about your "Bilingual Desegregation Grants." What exactly do they do? What is a "bilingual-bicultural" education program? Which are the 30 communities which will receive money from this grant?

Dr. **GONZALES**. Essentially, the requirements and purpose of the Bilingual Desegregation Grants are the same as the Title VII programs of ESEA.

The only significant difference is that the LEA must be eligible under Section 606 of ESAA. Eligibility under this Section states that an LEA may apply for a Title VII Bilingual Desegregation Grant if local school districts are implementing either (1) a court-ordered desegregation program; (2) a desegregation plan approved by the Secretary of Health, Education, and Welfare under Title VI of the Civil Rights Act of 1964; or (3) a voluntarily-adopted desegregation plan.

A bilingual-bilcultural education program is designed both to teach English to non-English proficient children, while using their native language for instruction; and to enable language-minority children and their classmates to understand the history and cultural background of the minority groups of which such children are members.

Regarding "Bilingual Desegregation Grants," the Education Amendments of 1978 require that the Office of Education: " . . . shall, for fiscal year 1980, allot to each local educational agency an amount which bears the same ratio to such funds as the amount such agency received under Section 708(c) of the Emergency School Aid Act for fiscal year 1979, bears to the total amount of funds available under such section."

School districts which will receive awards in fiscal year 1980 would thus be the same districts which receive funds in fiscal year 1979. However, since awards are made on a competitive basis, and the grant process for fiscal year 1979 will not be completed until June 30, 1979, we cannot now identify the districts whose programs will be supported. We can estimate that approximately 30 communities will receive these grants.

LEVEL FUNDING OF FOLLOW THROUGH

Mr. **CONTE**. I happen to support the Follow Through program. It is being level funded at $59 million in a year after we had 9 percent inflation. How will this effect your budget? Which program will suffer?

Dr. **BOYER**. Because of the inflation rate you mention, local projects, even if funded in fiscal year 1979 at the same funding level as in fiscal year 1979, which we will try to do, will have to cut back on many of the required comprehensive services. OE will not single out any particular local projects to absorb cuts in services. The first priority for funding in all local projects will, however, be the instructional component.

Alcohol and Drug Abuse Education Budget Request

Mr. Conte. What coordination is there in your Drug and Alcohol Abuse Education Programs between yourselves and the Alcohol, Drug Abuse and Mental Health Administration?

Dr. Boyer. The USOE Alcohol and Drug Abuse Education Program (ADAEP) coordinates closely with its counterpart prevention agencies in ADAMHA, the National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA). Specific examples of such coordination are the following:

1. Director of the USOE Program is on the Advisory Board of the NIDA National Drug Abuse Center (NDAC).
2. USOE Program staff regularly participate in inter-agency meetings to review NDAC program activities and to provide input into future programmatic activities.
3. Director of the USOE Program participated in the consultant orientation for NIDA's Multicultural Awareness Center.
4. Director of the USOE Program is on the Editorial Board of NIDA Research Monographs.
5. In the past years USOE Program staff have served on the review panels for three major NIDA contracts: the National Drug Abuse Center, PYRAMID, and the Regional Support Centers.
6. NIDA staff have been invited to and have participated in a number of USOE-sponsored conferences particularly in the area of inservice training of college teachers and the preservice training of future teachers in colleges of education.
7. USOE Program staff and NIAAA Prevention staff regularly brief one another on program status and directions.
8. A USOE Program staff member recently participated in the review of proposals under NIAAA RFP to replicate three prevention models at other sites.
9. Director of the USOE Program is a member of the NIAAA Interagency Committee on Federal Activities for Alcohol Abuse and Alcoholism.
10. Director of the USOE Program is on the NIAAA Prevention, Education and Information Task Force.
11. Director of the USOE Program participated in the HEW/Office of Drug Abuse Policy overall policy review.
12. Director of the USOE Program was a member of the ADAMHA group to develop NIAAA initiatives for women and youth.
13. Director of the USOE Program is a member of the NIDA National Manpower and Training System Professional Development Board.
14. Staff of ADAEP and the NIDA Prevention Branch are currently planning for coordination of activities at the State level between State Education Agencies and NIDA State Prevention Coordinators.
15. ADAEP staff have worked with other staff in OE towards inclusion of certain NIDA demonstration projects in the National Diffusion Network.
16. ADAEP staff cooperated in the development of the NIDA 1979 National Drug Abuse Campaign.

In addition, ADAEP construes substance abuse broadly to include smoking as well as alcohol and drugs. Anti-smoking strategies are an integral part of the training designs of the ADAEP training centers. It thus supplements the efforts of the recently established HEW Office of Smoking and Health.

Mr. Conte. In the places that do receive Drug and Alcohol Abuse Education grants, what success is being had in curbing usage of these substances? Have you any data to substantiate claims of success?

Dr. Boyer. School districts where teams trained under the Alcohol and Drug Abuse Education Program are functioning consistently report decreases in drug and alcohol offenses and reductions in incidents which are related to alcohol and drug abuse, such as vandalism, truancy, drop-outs, discipline referrals, criminal arrests among young people, disruption in schools. They also report greatly improved relationships among schools, police, community members, youth and parents.

A school team from rural Shelburne, Vermont, for example, reports a reduction of 46 percent in drug and alcohol related suspensions and a reduction in drug and alcohol related problems "from frequent to virtually none."

A middle school in Fort Worth, Texas reports a 98 percent decrease in drug cases handled. "During a 3-month period last year the office had 180 drug cases. In the past three months the office has had a total of only three such cases."

These and other reports from a variety of school districts where trained teams are working substantiate the effectiveness of the Program.

ELLENDER SCHOLARSHIPS

Mr. CONTE. What concrete evidence do you have that programs formerly in part paid for by Ellender Scholarships will continue to be funded without and Federal support?

Dr. BOYER. We do not have any concrete evidence that local organizations and institutions will continue to operate this program if the Federal support is terminated. However, in past years, communities participating in the Close Up program have contributed most of the funds for the operation of this program and we anticipate this support would continue.

PROPOSED "CAP" ON MIGRANT PROGRAM FUNDING

Mr. ROYBAL. Your proposed "cap" of Title I programs for special student populations has the effect of reducing per capita expenditures for migrant children by approximately 10 percent (Page 23, Justification).

a. How will this 10 percent cut be translated into program or service cuts?

b. Was thought given to holding last year's per capita funding level for his program?

Dr. BOYER. A "cap" on the appropriation for the Title I Migrant Education Program would probably result in two types of service reductions, as determined by each administrating State educational agency. (1) Some SEA programs will elect to serve fewer migrant children (i.e., a 10 percent cut in funding would represent a 10 percent or more cut in the number of children to be served). (2) Some SEA programs will elect to reduce the scope of services being provided to migrant children (i.e., elimination or reduction in supporting services such as health, nutrition, parent activities, and other supporting and social services).

The basic law provides that the State operated programs are to be funded at full authorization and any reductions are to be taken in the local educational agency programs. Since the total amount requested for Title I was to be the same as in the prior year it was necessary to hold both the State agency and the local educational agency levels to their prior year funding, otherwise, the State agency programs would be increased at the expense of the local educational agencies. If the Migrant Education program had been funded at the same per capita amount as the prior year, increases in the number of children eligible would have raised the cost by $14.6 million and this would have meant a corresponsing reduction in the local educational agencies. So this thought was rejected.

ALCOHOL AND DRUG ABUSE EDUCATION

Mr. ROYBAL. In drug abuse education what activities were undertaken during 1978 to reach bilingual-bicultural communities, such as Hispanic youth?

Dr. BOYER. In 1978 the Alcohol and Drug Abuse Education Program trained school teams from 43 large urban school districts. Each school district sent a cluster of teams from each of four schools in the district for training. Of these 43 clusters, 25 or 58 percent represented schools with at least a 15 percent Hispanic population. Another eight clusters represented schools with a least a 15 percent Puerto Rican population. Each team left training with an action plan tailored to the needs of its school district. East High School in Phoenix, Arizona, a school with 30 percent Hispanic enrollment and Bostrum Alternative Center, also in Phoenix, with a 49 percent Hispanic enrollment, for example, developed programs in their schools aimed at multicultural awareness and the eradication of ethnic stereotyping.

The Taos, New Mexico team which received technical assistance from the USOE San Antonio Regional Training and Resource Center after training represents a district with 84 percent Hispanic population.

Another team trained by the San Antonio Center is from Antonio, Colorado with a Hispanic population of 92 percent.

There are nine teams trained under the USOE Program in Puerto Rico. In 1978 they were provided technical assistance after training by the USOE Regional Training and Resource Center in Miami. The teams have developed programs in their school districts which reflect the Puerto Rican culture and life style focusing on the integrated family, student and teacher advocacy and community involvement. A peer counseling program developed by the teams has been officially adopted by the Department of Instruction. Team activities have resulted in significant changes in their school communities including improved student grade point averages, reductions in absenteeism, increased parent involvement in the schools and a reduction in the use of drugs and alcohol among the young people.

ETHNIC HERITAGE STUDIES

Mr. **ROYBAL**. Last year it was determined that the National Endowment for the Humanities did not have the funds available for the type of programs that the Ethnic Heritage Studies program support.

What has changed this year over at the Endowment that the Office of Education is again proposing elimination of this program?

Dr. **BOYER**. There has been no change in policy at the National Endowment for the Humanities. They are however requesting an increase of $5 million for 1980. The Endowment does not have a specific set aside for Ethnic Heritage Studies but programs of this type may compete with other programs for funding within a broad spectrum of Endowment awards.

TITLE I HANDICAPPED

Mr. **EARLY**. Taking handicapped children, for example, how does this program of assistance to States under Title I complement the other major Federal program for education of the handicapped under the Education of all Handicapped Children Act of 1975?

Dr. **BOYER**. The Title I set-aside provides Federal financial assistance for children in State-supported and State-operated schools for the handicapped. The rationale underlying Public Law 89-313 was that children in State institutions and other publicly financed education programs (particularly those programs administered by non-educational State agencies) outside the local public schools should be entitled to Federal assistance paralleling general Title I aid. As a result this program currently complements the Public Law 94-142 program in providing supplemental and related services to handicapped children, many of whom are severely or multiply handicapped. While severely handicapped children may be found in both programs, it is common to place them in institutional programs when they required 24-hour residential care in addition to education.

The States have great flexibility in devising programs to best meet the needs of children in Public Law 89-313 programs. Funds may be used for projects providing education and related services such as instruction, physical education, mobility training, counseling, prevocational and vocational education, and teacher training.

While each program (i.e., Public Law 89-313 and Public Law 94-142) serves a particular population mandated by law, children in the Title I set-aside program benefit from the equal education opportunity provisions of Public Law 94-142. The momentum of the Public Law 89-313 program has become increasing evident through the intensive educational services provided in institutional settings and the movement of children into community complement to Public Law 94-142 assures, during the period when the States are required to meet the educational needs of all handicapped children, that those children in State programs will receive the comprehensive and often more expensive services that they need.

Mr. **EARLY**. Does this program only support the educational improvement of low-income handicapped children apart from handicapped children in general?

Dr. **BOYER**. The Public Law 89-313 Title I set-aside provides Federal financial assistance for all children in State-supported and State-operated schools for the handicapped. Income is not a criterion affecting service participation. Children served must be between the ages of 0 and 21 and have been declared handicapped (any disability category) through an evaulation process determined by the State.

GOAL OF TITLE VII

Mr. **EARLY**. This account is receiving a $15 million increase largely in the Grants to School Districts Program. What is the real goal of this program? Are we trying to build the States capacity to instruct in bilingual education or are we trying to improve the English competency of Spanish children?

Dr. **GONZALES**. The goal of this program is to improve the English competency of children who have limited English proficiency and come from a background in which a language other than English is spoken. This is accomplished by awarding grants to local school districts which will enable them to build the capacity to conduct bilingual education programs. Bilingual programs are designed to teach English while using the native language of the children to maintain their academic progress. Support is also provided for the training of teachers and other bilingual education personnel; for development and dissemination of bilingual materials; and for State education agency programs of technical assistance.

Title VII currently supports bilingual programs in 64 languages. About 75 percent of Title VII funding goes for the support of the Spanish language programs.

EVALUATION OF TITLE VII

Mr. **EARLY**. Are there any evaluations of this program?

Dr. **BOYER**. A national impact evaluation of this program was conducted by the American Institutes for Research and published in March, 1978. It reported that, in general, students in Title VII-funded projects were performing at about the same level as similar non-Title VII students in mathematics, while Title VII students performed worse in English language skills than their non-Title VII peers. The study also reported that the projects surveyed did not have enough adequately trained teachers, which may, in part, explain the disappointing results. It should be noted that the research involved projects which were early bilingual education prototypes and which do not reflect improvements made in the past three years. Moreover, this study is one phase of a broader research and development activity designed to improve all aspects of the Title VII program, and, as such, should be viewed in the context of planned Federal, regional, and local research. As a result of this study, major program improvements have been initiated.

There have been some hopeful findings in local project evaluations performed for the Office of Bilingual Education. A recent document, entitled "Research Evidence for the Effectiveness of Bilingual Education," while if did not assess the Title VII program per se, nevertheless concluded that successes reported in evaluation reports on 12 Title VII projects indicate that, when done properly, "bilingual education can be effective in meeting the goals of equal educational opportunity for minority language children." This report was written by Rudolph C. Troike, now Deputy Director of the National Clearinghouse for Bilingual Education. Monitoring by the Office of Bilingual Education of local project evaluations supports the finding that good programs can achieve good results.

INCLUSION OF FUNDS FOR EMERGENCY SCHOOL AID ACT (ESAA) BILINGUAL PROGRAM

Mr. **ROYBAL**. On Bilingual education it is repeatedly mentioned that an increase of $15 million has occurred in this program for fiscal year 1980. Now doesn't this $15 million increase include $8 million that were formerly included in the Emergency School Aid Act for fiscal year 1979?

Dr. **GONZALES**. The Emergency School Aid Act (ESAA) funds are not part of the $15 million increase. The $15 million increase is obtained by comparing the proposed 1980 request of $173.6 million to the 1979 appropriation of $158.6 million, a figure which has been made "comparable" to the 1980 request level by the inclusion of the $8.6 million ESAA bilingual appropriation. That is, the 1979 "base" figure includes $150 million appropriated for the Elementary and Secondary Education Act, Title VII, programs, plus $8.6 million appropriated for the ESAA bilingual desegregation program. Legislation authority for this activity has been transferred to ESEA, Title VII, from ESAA starting in fiscal year 1980 by the Education Amendments of 1978. The abbreviated table below illustrated this:

[In thousands of dollars]

	Fiscal year 1979 appropriation		Fiscal year 1980 request	Change
ESEA title VII	$150,000	ESEA title VII	$165,000	+$15,000
ESAA bilingual	8,600	ESEA VII bilingual desegregation	8,600	
Total	158,600		173,600	+15,000

POSSIBILITY OF REPROGRAMING

Mr. **ROYBAL**. Last year the Administration requested a $5 million reprograming in bilingual education. In my opinion, this reprograming would have severely affected the support services of bilingual education. Do you foresee a reprograming request repeated this year?

Dr. **GONZALES**. We do not anticipate that a reprograming will be necessary. However, it is not possible for us to predict with certainty the impact of the many changes in the law resulting from the Education Amendments of 1978. For this reason, we do not feel we can guarantee that there will be no need for a reprograming.

POSTFELLOWSHIP EXPERIENCE OF FELLOWSHIP RECIPIENTS

Mr. **ROYBAL**. Has the Office of Education done any research on the post-fellowship experiences of recipients of Bilingual Education fellowships?

Dr. **GONZALES**. The Office of Bilingual Education (OBE) conducted a preliminary study of the Bilingual Education Fellowship Program in the summer of 1978. Researchers from the University of Illinois assisted OBE in this study.

The results indicate that between academic year 1975-76, when the program began, and academic year 1977-78, when the study was conducted, 442 Masters students and 82 Doctorial students graduated from the program. We should point out that it takes up to two years for Masters students and up to four years for Doctoral students to complete their degrees.

Almost all of these graduates were employed when the survey was completed in September 1978. From all accounts, the graudates have had a positive impact as employees in administrative, teaching, and research positions in local schools, universities, and State education departments. A follow-up survey by the Office of Bilingual Education is planned for July 1979 to chart the progress of more recent graduates.

A complete evaluation of both the teacher training and fellowship programs is also now underway. This evaluation, which will be conducted over a period of two years by the R.C.M. Corporation of Mountain View, California, will be completed in 1981.

COMPLETION OF TEACHER SURVEY

Mr. **ROYBAL**. When we can expect the study on the number of teachers with bilingual education skills to be completed?

Dr. **GONZALES**. The National Center for Education Statistics has completed the data gathering and analysis for this study. The final report is not being prepared, and will be available by summer, 1979. According to data derived from this study, there are fewer than 10,000 active teachers who meet basic bilingual education criteria defined by the Office of Bilingual Education. Another 5,000 teachers are currently being trained at Title VII-supported institutions of higher education, and an estimated 5,000 are in training at other institutions which do not receive Title VII funds.

BILINGUAL EDUCATION MODELS

Mr. **ROYBAL**. Do we have "models" of what works best in bilingual education?

Dr. **GONZALES**. While we do not yet have models per se, efforts are underway to identify effective bilingual approaches.

First, the Office of Education has identified four Title VII projects as exemplary, which means that they were examined by the Education Division's Joint Dissemination Review Panel and found to be of high enough quality to warrant dissemination by the agency. These projects are now being field tested in 19 sites, to determine whether they can be successfully replicated as presently designed. The final report on the 2-year effort to implement and thereby test these projects should be released in 1980.

Second, for fiscal year 1980, $5,000,000 is requested to support the further development of model programs at approximately 50 of the most successful continuing local education projects, to strengthen their administrative, evaluative, and dissemination components.

Finally, studies, to be supported by funds authorized under Part C of Title VII, will be conducted to identify and evaluate successful bilingual instructional and evaluative techniques which can be widely disseminated.

FEDERAL ROLE IN BASIC SKILLS

Mr. **EARLY**. What is exactly the role of the Federal Government in this effort to improve basic skills, aside from their financial contributions?

Dr. **BOYER**. The Federal Government's role in the basic skills initiative is to encourage State and local awareness in and coordination of basic skills activities. It remains the responsibility of States to provide a basic education to our Nation's children. As is the case with the large Title I program, the Federal Government can provide supplementary services to target on a given need or population. In the basic skills area, the Federal Government, by expanding the focus of the former Right to Read program, is responding to the national decline of our Nation's children in basic skills proficiencies, as evidenced by increasing declines in standardized test scores. To further respond to this need, we are proposing a new program, the Achievement Testing Assistance program, whose primary aim is to encourage States to adopt minimum competency requirements by building their capacity to use test data and results to improve basic skills instructional programs.

Mr. EARLY. One part of this program provides for two special basic skills activities. one aimed at motivating students to read and the other aimed at improving math skills. How does the Federal Government propose to motivate students to read and learn math skills? Does HEW subscribe to one particular method of instruction in the field of basic skills improvement or will the localities be free to continue their instructional methods in this area to quality for Federal assistance?

Dr. BOYER. HEW does not subscribe to one particular method of instruction nor to one set way of motivating people in the areas of mathematics or reading—or communication. Research shows that there are many valid and effective ways to instruct and to motivate. Consequently, HEW will encourage local applicants to creatively choose their own methods for instruction and motivation. It will also actively seek projects whose instructional and motivational techniques are based solidly on recent research and on the applicant agency's experiences.

TECHNICAL ASSISTANCE

Mr. EARLY. As part of this new initiative the budget proposed a $2 million item for contracts to regional basic skills teams to provide comprehensive technical assistance. Is it necessary to stimulate the interest of the States and localities in this effort or have they already begun to improve basic skills without HEW technical assistance?

Dr. BOYER. HEW's experience over the last four years under the National Reading Improvement Act shows that grantees need and request technical assistance for their basic skills projects. It's not that the local agencies have not done much in this area before. They clearly have. Their main task, of course, centers on doing the basic skills. But our experience shows that grantees progress must more effectively and efficiently if they receive technical assistance in the beginning stages of the project. We think this relates to a great extent on the need for top management and leaders to get things moving. Much management literature shows that unless the leaders at the top state their commitment and assistance in the early part of a project, things just do not progress rapidly and securely. We think that local agencies have done a tremendous amount of work in the area of basic skills. From written response to the new mandate of the Congress, HEW knows that there is very high interest for improving and coordinating basic skills efforts. We intend to provide assistance to all grantees on a continuing basis for as long as is necessary for grantees to reach their capacities.

PARENTAL INVOLVEMENT

Mr. EARLY. How will the $1.5 million for Parental Involvement be used? Is HEW proposing that we need to motivate parents to upgrade the basic skills of their children?

Dr. BOYER. There will be approximately 20 to 25 grants under this program and two contracts. Applicants would compete for either a grant advertised through the Federal Register or a contract advertised through the Commerce Business Daily. Grantees would obtain parent participation primarily by developing either materials for parents or voluntary training for parents or both. The materials and training would assist parents to work with their children in the basic skills areas and to complement at home what has been taught in the schools. The Office of Education sees this program being able to reach approximately 5,000 parents directly. We also see that the materials themselves could be disseminated and used by additional numbers of parents.

There are a number of reasons that support the need for the Federally funded program which would be directed toward involving parents in the education of their children.

There is substantial evidence to show that schools alone cannot do the whole job of educating children. Research by Coleman, Jencks, and others consistently points to the importance of home variables in educational achievement. Achievement tends to level off or even drop during the summer, and it drops most among children from low-income families who have less access to such things as books. Achievement gains are strongly associated with increased time spent on learning tasks. Therefore, even if only 20% of parents spent extra time helping their children, the benefit could be appreciable.

In addition, there is some evidence that home conditions can be changed in ways that are conducive to learning: A longitudinal study of the families of children who were once enrolled in Head Start indicates that some families have increased their interest in and support of school programs—with an associated imrovement in children's achievement.

There are also a number of direct studies of parents who have worked with their children. A recent synthesis has summarized the evaluations of 28 programs that trained parents to work with their preschool children at home. Specifically, the programs showed both short-term and long-term gains in achievement tests, grades, grade placement and IQ scores. While no one parent curriculum consistently produced higher or more stable gains for program children than the others did, the more effective programs emphasized parents' responsibility in their children's development.

Studies of exemplary compensatory education programs show that direct parent involvement is a common characteristic of such programs.

ACHIEVEMENT TESTING

Mr. **EARLY**. Coupled with this program is a new $2 million program for Achievement Testing Assistance. The purpose of this program is to provide assistance to school districts to find the best ways to integrate tests into the educational process and to learn how to use tests more effectively to promote the acquisition of basic skills. How will this program complement the State efforts underway to test the minimum competency of their students?

Dr. **BOYER**. The achievement testing assistance program which the Office of Education proposes for fiscal year 1980 is aimed at demonstrations for developing the capacity of States and local school districts to better utilize test data and results to design programs of instruction which will ultimately improve basic skills. Its thrust is not aimed at research on testing, but rather on operational activities relating to achievement testing, encouraging States to adopt minimum proficiency standards and improving basic skills.

STATE LEADERSHIP

Mr. **EARLY**. On the whole the Administration is proposing an additional $7.25 million to "enhance the States leadership role in the development and coordination of comprehensive basic skills instructional program". If the states are assuming a leadership role in this area, then why is the Federal Government feeling the need to motivate and stimulate the states to do more?

Dr. **BOYER**. HEW's perceived responsibility in the State Formula Grant Program and the State Leadership Program is to support SEAs in a rational, forceful and comprehensive fashion to solidly help promote the varied efforts by States. We stress the fact that each State has a distinctive approach in the area of basic skills as well as in other areas. HEW recognizes their differences and would help support the leadership which States have exercised and will continue to exercise. At this time, a small amount of $7 to $8 million would allow HEW to provide the necessary encouragement.

PROJECT SEED

Mr. **SMITH**. My staff saw a demonstration of Project SEED some years ago and have been following the progress of the program. I understand that the program has been very successful in raising arithmetic achievement scores of children. I'd like to see the program spread to more areas. Would the Basic Skills math programs provide funding for the SEED program? Are there any other sources of funds for the expansion of the program?

Dr. **BOYER**. According to reports, Project SEED is an effective mathematics project. HEW cannot, however; subscribe or underwrite a solitary mathematics project when there are many other projects which are also effective. At the present time, more than five other mathematics projects have been endorsed by USOE's Joint Dissemination Review Panel.

Project SEED will certainly have an opportunity to respond to HEW's request for proposals under the Special Mathematics Program (Section 232 of Title II, Public Law 95–561). HEW intends to seek competitive proposals under that Section.

HEW firmly agrees that effective mathematics projects should be "spread to more areas". The question is how to do it, As you are aware, the official Office of Education route for doing this is through the National Diffusion Network within

USOE's Division of Educational Replication. That Division has the responsibility of examining the hard evaluation data presented by projects such as Project SEED and for judging the significance of the results of the project. Only after rigorous screening and approval process may the Office of Education disseminate information about the project nationwide with Federal funding support.

ATTAINMENT OF PARENTAL INVOLVEMENT

Mr. CONTE. How do you plan to obtain "Parental Involvement in Basic Skills" learning? How will this $1.5 million be used?

Research findings increasingly reveal that parental tutoring of their own children contributes toward short- and long-term gains in students' scholastic achievement. In order to improve students' basic skills, developmental activities would be funded that would promote voluntary parental involvement in their childrens' learning. Funds would also be provided to the private sector to stimulate practices to improve reading or basic skills within and outside of the schools.

Given this evidence, it is importance to establish conditions that will promote voluntary parental involvement in their children's learning. A general principle for all these activites would be the creative use of small amounts of money.

Particularly useful would be two types of opportunities for voluntary parental involvement. First, the development and dissemination of materials that parents and children could use at home. There could be workbooks on shool subjects, keyed to commonly used curriculum materials and/or produced by the local schools to complement their particular programs. Other materials could be more informal, such as flyers describing one or two home learning activities would be funded. Secondly, programs of parent training focused around ways in which parents can complement the work of the school. Such programs might also branch out into nutrition, health, and othe subjects, but their chief focus would be scholastic.

We expect to fund 20 to 25 grants and about 2 contracts to achieve these purposes.

[The justification submitted by the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Elementary and Secondary Education

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Appropriation Estimate

Elementary and Secondary Education

For carrying out, to the extent not otherwise provided, title I, [part] *parts*[1/] A [($3,077,132,000)] *and B*[1/] *($3,477,132,000), title II*[2/]*, title III, part H*[3/4/]*,* title IV, part C, *title V, part B*[5/]*,* title VII and [title IX][6/] *section 922*[6/7/] of the Elementary and Secondary Education Act; [title VII of the Education Amendments of 1974;][2/] *the Communications Act of 1934, as amended*[4/]*, the Alcohol and Drug Abuse Education Act*[4/]*; Part B of the Headstart-Follow Through Act*[4/]*;* and the General Education Provisions Act[; and Public Law 92-506[8/], $3,448,382,000:], *$3,952,882,000: Provided,* That of the amounts appropriated above, the following amounts shall become available for obligation on July 1,[1979] *1980*, and shall remain available until September 30 [1980] *1981*: title I [part] *parts*[1/] A[($3,077,132,000)] *and B*[1/] *($3,477,132,000 of which $400,000,000 shall be for the purpose of section 117)*, title IV, part C [($190,000,000)] *($146,400,000)*[9/]*, title V, part B ($51,000,000)*[5/9/] of the Elementary and Secondary Education Act and section 417(a)(2) of the General Education Provisions Act ($1,250,000)[. For carrying out title IV, part C of the Elementary and Secondary Education Act an additional $7,400,000 to become available for obligation on July 1, 1979, and to remain available until September 30, 1980: Provided, That none of such funds may be paid to any State for which the allocation for fiscal year 1980 exceeds the allocation for comparable purposes for fiscal year 1979.][10/]*: Provided further, That notwithstanding the provisions of section 193 of title I of the Elementary and Secondary Education Act, no amount shall be obligated under the fiscal year 1980 appropriation under part B, for each of subparts 1, 2, and 3, in excess of what was obligated under the fiscal year 1979 appropriation for each of these subparts, and reductions required shall be proportionate among the States*[11/]*: Provided further, That for title IV, part C of the Elementary and Secondary Education Act, no amount shall be allocated to a State in excess of what was allocated to it for fiscal year 1980, less what was allocated to it for title V of that Act under formula for fiscal year 1973, unless and until an amount has been allocated to every State equal to what was allocated to it for fiscal year 1980, less what was allocated to it for title V of that Act under formula for fiscal year 1973.*[10/]

Explanation of Language Changes

1/ Determination of grant amounts is now covered under two parts of Title I, rather than entirely under Part A.

2/ A new program, Title II of ESEA, Basic Skills Improvement, replaces the Right to Read program which was authorized under Title VII of the Education Amendments of 1974.

3/ The Environmental Education Act is now authorized under Title III, Part H; and, consistent with other citations of ESEA in this language, will be henceforth so designated.

4/ In fiscal year 1979, appropriations for this programs were contained in P.L. 95-482, Continuing Resolution.

5/ An amount is being separately requested for activities authorized by this Title, in contrast to the previous fiscal year where such activities are being funded under the authority of Title IV-C, Section 404(a)(9).

6/ The elimination of reference to Title IX is due to the addition to that Title of a number of discrete authorizations under the 1978 amendments, making a reference to Title IX as a whole ambiguous. Henceforth, references to Title IX will includ a reference to the individual part for which appropriations are sought; or if greater specificity is required, a reference to the pertinent section will be included also. See note 7.

7/ An amount is being requested for the first time for a newly authorized "Achievement Testing Assistance."

8/ Reference to Public Law 92-506, the Ellender Fellowship program, is being deleted because no funds are requested for it.

9/ The sum of $146,400,000 and $51,000,000 was indicated as a single amount for Title IV-C under the previous year's appropriation. See note 5.

10/ The Title IV-C "hold-harmless" language used in previous appropriations is being superceded by a different version which is applicable to the funding of Title IV-C separate from the funding of Title V-B. The new version assures that no State is affected adversely, relative to any other State, by an allocation which is less than what was allocated to it in the previous year for the same activity.

11/ Provides for level funding of the Title I State agency programs in order to achieve a more equitable funding treatment of Sections 111, 141, 146, and 151. Even with this limitation on State agency programs, the amount allocated in total for those programs will be approximately 87 percent of full authorization, whereas the amount allocated to local educational agencies will still be only 48 percent of full authorization.

Language Provision	Explanation
...title IV, part C ($146,400,000)...	The amount earmarked here, which is meant to indicate advance funding availability for Title IV-C, also is intended to establish a specific funding level for the program in light of varying interpretations of the "trigger requirement" (Section 402(b)(2)(A)). In that respect, the amount represents an adjustment resulting from the comparable transfer of amounts for "Strengthening State Educational Management" from within Title IV-C, under Section 404(a)(9), to the separate authority of Title V-B. Thus, the intent remains to fund each of these two components, both of which were formerly included within Title IV-C, at their individual previous year's levels.
...Provided further, That notwithstanding the provisions of section 193 of title I of the Elementary and Secondary Education Act, no amount shall be obligated under the fiscal year 1980 appropriation under part B, for each of subparts 1, 2, and 3, in excess of what was obligated under the fiscal year 1979 appropriation for each of these subparts, and reductions required shall be proportionate among the States...	In order to apply Title I resources more equitably, this proposed language would deactivate the required full entitlement allocation to each State for its State agency programs. Instead, the total amount available nationally for each of the State agency programs (i.e., Sections 141, 146, and 151) would be limited to the total amount obligated nationally for each of those programs from the fiscal year 1979 appropriation. Each State's position relative to every other State's for each of the three programs would be determined under the formula authorizations, with hold harmless adjustments to those authorizations applied according to Section 157. Then, each State's authorization would be ratably reduced so that the aggregate of the resulting net amounts would not exceed the total national obligations from the fiscal year 1979 appropriation as noted above for each of the three programs. The amounts so determined would be taken "off the top" of the appropriation, with the remainder to be used for Grants to Local Educational Agencies after set asides have been allowed for State Administration and Evaluation.
...Provided further, That for title IV, part C of the Elementary and Secondary Education Act, no amount shall be allocated to a State in excess of what was allocated to it for fiscal year 1980, less what was allocated to it for title V of that Act under formula for fiscal year 1973, unless and until an amount has been allocated to every State equal to what was allocated to it for fiscal year 1980, less what was allocated to	The budget request seeks to level fund at $197.4 million the total amount appropriated for Title IV, Part C, in fiscal year 1979, including $7.4 million that was formerly appropriated as hold harmless funds. However, as noted above, the amount appropriated is to be distributed so that $146.4 million is available for Title IV-C and $51 million is available for Title V. As a result of this split, funds formerly used for hold harmless purposes are now included in the base

Language Provision	Explanation
it for title V of that Act under formula for fiscal year 1973.	amounts of each program. Under a pure application of the Title IV-C formula at an appropriation level of $146.4 million, the allocation to each State would not necessarily be the exact amount the State was formerly accustomed to expending for this purpose from allocations from the fiscal year 1979 appropriation. In fact every State's amount under such conditions would differ, some only to a small degree. (That "customary" amount has been traditionally determined by each State by subtracting from its total IV-C allocation the amount it received for Title V in 1973 under formula. See ESEA Sec. 403(a)(8)(C) as written prior to the 1978 Education Amendments.) The proposed language eliminates this discrepancy by permitting no allocation increase in any State over its customary amount until any State receiving less than its customary amount is brought up to that amount.

Amounts Available for Obligation

	1979 Revised	1980
Appropriation	$3,521,282,000	$3,952,282,000
Proposed supplemental	258,000,000	---
Subtotal, adjusted appropriation	3,779,282,000	3,952,282,000
Comparative transfer from:		
"Emergency School Aid" from Bilingual Desegregation programs	8,600,000	---
"Emergency School Aid" for Special Mathematics program	750,000	---
Subtotal, budget authority	3,788,632,000	3,952,882,000
Unobligated balance, start of year	90,220,978	---
Real transfer of unobligated balance from:		
"Education Development" for Educational Broadcasting Facilities	691,471	---
Comparative transfer of unobligated balance to:		
"Department of Commerce" for Educational Broadcasting Facilities	- 18,703,276	---
Total obligations	3,860,841,173	3,952,282,000

Summary of Changes

1979 Estimated budget authority	$3,788,632,000
1980 Estimated budget authority	3,952,882,000
Net change	+ 164,250,000

	1979 Base	Change from Base
Increases:		
Program:		
1. ESEA Title I—increase will be focused on additional grants to counties and their local educational agencies having high concentrations of Title I formula children.		+$ 142,000,000
As many as 300,000 more pupils will be served, and/or current recipients will receive enhanced services	$3,336,382,000	+ 142,000,000
2. Bilingual Education -- increase will expand the size and number of LEA grants, increase the number of fellowships, and permit additional studies to be undertaken	158,600,000	+ 15,000,000
3. Basic Skills Improvement -- increase over the former Right to Read program will enhance the State leadership role in the development and coordination of comprehensive basic skills instructional programs	27,750,000	+ 7,250,000
4. Achievement Testing Assistance--establishment of effort, under Sec. 922 of ESEA	---	+ 2,000,000
5. Alcohol and Drug Abuse Education--increase in funding for program to offset termination of LEAA interagency transfer, and thus allow training of over 60 new school-based teams	2,000,000	+ 1,000,000
Total increases		+ 167,250,000
Decreases:		
Program:		
1. Ellender Fellowships--elimination of funding for program	1,000,000	- 1,000,000
2. Ethnic Heritage Studies--completion of phase-out of program	2,000,000	- 2,000,000
Total decreases		- 3,000,000
Net change		+ 164,250,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Grants for disadvantaged.......	$3,336,382,000 1/	$3,478,382,000	+$142,000,000
2. Support and innovation grants:	197,400,000	(197,400,000)	---
a. Improvement in local educational practice.......	(146,400,000)	146,400,000	---
b. Strengthening State educational management.....	(51,000,000)	51,000,000	---
3. Bilingual Education:			
a. Grants to school districts.	102,350,000	112,525,000	+ 10,175,000
b. Training grants............	29,625,000	30,325,000	+ 700,000
c. Support services:			
(1) Materials development..	10,000,000	10,000,000	---
(2) SEA grants.............	4,875,000	5,000,000	+ 125,000
(3) Advisory council.......	150,000	150,000	---
(4) Clearinghouse..........	1,000,000	1,000,000	---
(5) Studies and evaluation.	2,000,000	6,000,000	+ 4,000,000
d. Bilingual desegregation grants.....................	8,600,000 2/	8,600,000	---
Subtotal...................	158,600,000	173,600,000	+ 15,000,000
4. Basic skills improvement 3/.....	27,750,000 3/	35,000,000	+ 7,250,000
5. Achievement testing assistance.	---	2,000,000	+ 2,000,000
6. Follow through.................	59,000,000	59,000,000	---
7. Alcohol and drug abuse education.....................	2,000,000	3,000,000	+ 1,000,000
8. Environmental education........	3,500,000	3,500,000	---
9. Telecommunications demonstrations.........................	1,000,000	1,000,000	---
10. Ellender fellowships...........	1,000,000	---	- 1,000,000
11. Ethnic heritage................	2,000,000	---	- 2,000,000
Total budget authority.........	3,788,632,000	3,952,882,000	+ 164,250,000

1/ Includes a proposed supplemental request of $258,000,000 contained in the President's Budget.

2/ Represents a comparable transfer of Bilingual Education under the Emergency School Aid Act.

3/ Funded as Right to Read in fiscal year 1979, at a level of $27,000,000. The additional $750,000 represents a comparable transfer of the Special Mathematics program.

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Travel and transportation of persons....................	$ 62,000	$ 69,000	+$ 7,000
Other services:			
Project contracts........	40,900,000	44,700,000	+ 3,800,000
Grants, subsidies, and contimuations.................	3,747,670,000[1]	3,908,113,000	+ 160,443,000
Total budget authority by object................	3,788,632,000	3,952,882,000	+ 164,250,000

[1] Includes a proposed supplemental of $238,000,000 contained in the President's Budget.

Significant Items in House and Senate Appropriations Committees Reports

Item	Action taken or to be taken
1979 House Report	
Bilingual Education	
1. The Committee directed the Department to review the staffing needs of the Office of Bilingual Education and report the findings.	1. In response to the Committee's directive, the Office of Education is preparing an analysis of staff utilization in the Office of Bilingual Education which will be sent to the Committee by March 15, 1979.
1979 Senate Report	
Bilingual Education	
1. The Committee expressed concern that the Secretary's FY 1979 reprogramming request might have delayed funding to the extent that eligible recipients would suffer loss of full funding.	1. The Office of Education was prepared to make awards as soon as the Committee's decision on the reprogramming request was known. As a result, all awards were made before the end of the fiscal year and, except for the few recipients who requested less than a full year's funding (e.g., short-term training institutes), all grants covered a full year's operations.
Basic Skills Improvement	
2. Under the Emergency School Aid program, the Committee urges an increase in the amount allocated to Project SEED, to allow for its further expansion.	2. The Special Mathematics Project for which Project SEED applies has been transferred from the Emergency School Aid authorization to Title II, ESEA, Basic Skills Improvement, by the Education Amendments of 1978 (P.L. 95-561). This activity is a competitive program and Project SEED is only one of several applicants each year. In addition to its Special Mathematics Project application, Project SEED applies as a nonprofit organization (NPO) under the Emergency School Aid account State Apportioned Grants to NPOs program and has often competed successfully for such awards. In the past, Project SEED has received funding for projects in Boston, Los Angeles, and Atlanta.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
1. Grants for disadvantaged (ESEA I):				
a. Local educational agency grants (Sec. 111)........	$5,172,585,041	$2,625,593,367	$5,466,950,000	$2,625,593,367
b. State agency program grants (Secs. 141, 146, 151).........	390,082,633[1]	390,082,633[1]	442,315,000	386,882,633[1]
c. Coordination of migrant education activities (Sec. 143)...	8,677,441	2/	10,629,131	3,200,000
d. Concentration grants (Sec. 117)..........	Indefinite	252,916,257[3]	Indefinite	392,118,227[3]
e. State administration (Sec. 194) 4/......	50,793,743	50,793,743[5]	52,881,773	52,881,773
f. Evaluation (Sec. 183) 6/	16,675,660	15,746,000[7]	17,385,660	16,456,000
g. Studies (General Education Provisions Act (Sec. 417(a)(2))...	Indefinite	1,250,000	Indefinite	1,250,000
2. Support and innovation grants: 8/	Indefinite	197,400,000	---	---
a. Improvement in local educational practice.....	Indefinite	(146,400,000)	Indefinite	146,400,000
b. Strengthening State educational agency management...	Indefinite	(51,000,000)	Indefinite	51,000,000
3. Bilingual education (ESEA VII):				
a. Grants to school districts (Part A, Sec. 721).	200,000,000[9]	102,350,000	250,000,000[9]	112,525,000
b. Training grants (Part A, Sec. 723).	200,000,000[9]	29,625,000[10]	250,000,000[9]	30,325,000[10]

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
c. Support services				
(1) Materials development (Part A, Sec. 721(a)(4))	$200,000,000 9/	$10,000,000	$250,000,000 9/	$10,000,000
(2) SEA grants (Part A, Sec. 721(b)(5))	12,000,000 11/	4,875,000	14,000,000 11/	5,000,000
(3) Advisory council (Part B, Sec. 732)	1,158,000 12/	150,000	1,980,000 12/	150,000
(4) Clearinghouse (Part C, Sec. 742(b)(5))	20,000,000 13/	1,000,000	20,000,000 13/	1,000,000
(5) Studies and evaluation (Part C, Secs. 741 & 742).	20,000,000 13/	2,000,000	20,000,000 13/	6,000,000
d. Bilingual desegregation grants (Part D, Sec. 751)	---	--- 14/	15,000,000	8,600,000
4. Basic skills improvement (ESEA II)	144,200,000 15/	27,000,000 15/		
a. National program (Part A)	---	---	20,000,000	20,000,000
b. State basic skills improvement program (Part B)	Indefinite 16/	---	Indefinite	8,250,000
c. Special programs for improving basic skills (Part C):				
(1) Inexpensive book distribution....	(9,000,000)	(6,000,000)	10,000,000	6,000,000
(2) Special mathematics program....	---	--- 17/	Indefinite	750,000
5. Achievement testing assistance (ESEA IX, Sec. 922)............	---	---	Indefinite	2,000,000
6. Follow through (Headstart-Follow Through Act)....	70,000,000	59,000,000	70,000,000	59,000,000

	1979		1980	
	Amount Authorized	1979 Estimate	Amount Authorized	1980 Estimate
7. Alcohol and drug abuse education (Alcohol and Drug Abuse Education Act).....	$10,000,000	$2,000,000	$14,000,000	$3,000,000
8. Environmental education (ESEA III, Part H)....	5,000,000	3,500,000	7,000,000	3,500,000
9. Telecommunications demonstrations (Communications Act of 1934, Sec. 395A)	1,000,000	1,000,000	1,000,000	1,000,000
Unfunded authorizations:				
Grants for disadvantaged (ESEA I):				
a. State incentive grants (Sec. 116)	Indefinite	---	Indefinite	---
b. Parental involvement (Sec. 125)	Indefinite	---	Indefinite	---
c. Transition services (Sec. 153)	1,875,000	---	2,000,000	---
Achievement testing assistance (Sec. 921)..............	Indefinite	---	Indefinite	---
Ellender fellowships (P.L. 92-506)	1,000,000	1,000,000	1,000,000	---
Ethnic heritage studies (ESEA IX, Part E)...........	15,000,000	2,000,000	15,000,000	---
Clubs for boys and girls interested in science (P.L. 85-875).....	50,000	---	50,000	---
General Assistance for Virgin Islands (P.L. 95-561, Sec. 1524).........	5,000,000	---	5,000,000	---
Indochinese refugee assistance (Indochina Refugee Children Assistance Act of 1976)..............	Indefinite	---	Indefinite	---
Total BA.............		3,779,282,000		3,957,882,000
Total BA against definite authorizations	6,044,470,115	3,261,176,000	6,349,944,131	3,281,776,000

1/ Funding for the Migrant Student Record Transfer System (MSRTS) through fiscal year 1979 is being set aside from each State's Migrant allocation. In 1980, MSRTS is funded under a separate authority. The total amount requested in 1980 for all State agency programs is therefore comparably the same.

2/ In fiscal year 1979, $3.2 million for this purpose will be obligated from amounts allocated to State migrant programs under Section 141 (State agency programs for migrant children). For comparability purposes, $3.2 million is shown for this activity for fiscal year 1979 in all other pertinent tables of this Justification.

3/ Supplemental now being requested for 1979 amount. Excludes amounts for State Administration and Evaluation shown below.

4/ An authorization to pay up to 1.5 percent of amounts obligated to States for program purposes. "Amounts authorized" are calculated based on 1.5 percent of amount requested and/or appropriated rather than 1.5 percent of total Title I amount authorized.

5/ Includes $3,793,743 attributed to request for Title I supplemental for Concentration Grants.

6/ An authorization to expend up to .5 percent of the Title I appropriation. "Amounts authorized" are calculated based on .5 percent of amount requested and/or appropriated rather than .5 percent of total Title I amount authorized.

7/ Includes $1,290,000 attributed to request for Title I supplemental for Concentration Grants.

8/ Although technically superceded as a program title by the 1978 Education Amendments, it is noted here to indicate continuity with the two new programs, (a) and (b), formerly included within it.

9/ Shared among Materials Development, Grants to School Districts, Training, and Advisory Council as determined by appropriation, the Advisory Council set-aside formula, and the training set-aside formula.

10/ Per Section 702(b)(3), training set-aside is $16,000,000 of the first $70,000,000 and 20 percent of any additional funds appropriated under Section 702(b)(1).

11/ Authorization modified by Section 721(b)(5)(B) to a level of not more than five percent of the aggregate amounts paid to school districts in any given State in the preceding fiscal year.

12/ A maximum one percent set-aside from that portion of Section 702(b)(1) which is not reserved for Section 702(b)(3).

13/ Shared among Clearinghouse, Research and Studies as determined by appropriation.

14/ For purposes of comparability, an amount of $8,600,000 is shown for this activity for fiscal year 1979 in all other pertinent tables of this Justification.

15/ Funded as Right to Read and authorized by the National Reading Improvement Act (P.L. 93-380) through fiscal year 1979. Authorizations are shown differently for fiscal years 1979 and 1980 because of change in structure of program categories in the Education Amendments of 1978.

16/ Refers to the unfunded, indefinite authority of Part B, State Reading Improvement programs, of the National Reading Improvement program (P.L. 93-380, Title VII).

17/ For purposes of comparability, an amount of $750,000 is shown for this activity for fiscal year 1979 in all other pertinent tables of this Justification.

Elementary and Secondary Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$1,406,393,000	$1,606,851,000	$1,636,851,000	$1,511,693,900
1971	1,509,222,000	1,683,222,000	1,723,325,000	1,701,325,000
1972	1,761,523,000	1,741,323,000	1,994,773,000	1,882,523,000
1973	1,925,185,000	2,101,883,000	2,130,349,000	2,169,625,000
1974	1,858,526,000	2,127,316,000	2,137,916,000	2,037,066,000
1975[1/]	4,219,083,000	4,242,483,000	4,265,041,000	4,258,635,000
1976	2,197,638,000	2,404,208,000	2,433,579,082	2,424,626, 934
Transition Quarter		3,000,000	3,000,000	3,000,000
1977	2,216,955,000	2,686,349,676	2,798,199,676	2,726,899,676
1978	3,067,900,000	3,168,800,000	3,175,800,000	3,172,300,000
1979	3,404,070,000	3,476,020,000[2/]	3,334,595,000[2/]	3,530,632,000[2/]
1979 Supplemental now requested	258,000,000			
1980	3,952,882,000			

[1/] Includes advance funded amounts for obligation in fiscal year 1976: $2,072,888,000 for Budget Estimate, House Allowance, Senate Allowance, and Appropriation.

[2/] Includes $65,500,000 in Continuing Resolution authority (P.L. 95-482) for Follow Through, Telecommunications Demonstrations, Alcohol and Drug Abuse Education, and Environmental Education.

Justification

Elementary and Secondary Education

	1979 Current Appropriation	1979 Revised Pres. Budget	1980 Estimate	Increase or Decrease
1. Grants for disadvantaged....	$3,078,382,000	$3,336,382,000	$3,478,382,000	+$142,000,000
2. Support and innovation grants:	197,400,000	---	(197,400,000)	---
a. Improvement in local educational practice......	(146,400,000)	---	146,400,000	---
b. Strengthening State educational management..........	(51,000,000)	---	51,000,000	---
3. Bilingual education........	158,600,000	---	173,600,000	+ 15,000,000
4. Basic skills improvement.......	27,750,000	---	35,000,000	+ 7,250,000
5. Achievement testing assistance...	---	---	2,000,000	+ 2,000,000
6. Follow through...	59,000,000	---	59,000,000	---
7. Alcohol and drug abuse education..	2,000,000	---	3,000,000	+ 1,000,000
8. Environmental education........	3,500,000	---	3,500,000	---
9. Telecommunications demonstrations...	1,000,000	---	1,000,000	---
10. Ellender fellowships............	1,000,000	---	---	- 1,000,000
11. Ethnic heritage studies..........	2,000,000	---	---	- 2,000,000
Total appropriation............	3,530,632,000	3,788,632,000	3,952,882,000	+ 164,250,000

General Statement

This appropriation primarily addresses the nationally acknowledged need to improve the achievement of basic skills in elementary and secondary education. Programs which are included here assist either in the provision of resources for this purpose, or in the coordination and improvement of those resources, with State and local agencies being the key partners and recipients in this effort.

Nearly ninety percent of the proposed appropriation is devoted to improving the quality of the educational experience for the economically/educationally disadvantaged child, whose achievement in basic skills can be seriously impeded by problems of access to an adequate education. Title I of the Elementary and Secondary Education Act, Grants for the Disadvantaged, provides the needed basic skills assistance to this disadvantaged population. Now in its fourteenth year of operation, it is expected to provide services to over seven million children in both public and private schools. During the program's history, the budget for its activities has grown from $959 million in 1966 to the recently appropriated $3.1 billion in 1979, with these funds being available by formula to all local educational agencies and the State agency programs. The total amount provided over these years has exceeded $26 billion. In 1980, the program's newly authorized Concentration Grant provision will focus additional Title I resources to the neediest counties and their local education agencies. This provision is the only Title I activity for which an increase is proposed.

Closely allied with the purpose of Title I is the Follow Through program, which operates on a research and development basis in designing and testing instructional models effective in raising student achievement, particularly in basic skills. The primarily experimental purposes of the program will be highlighted with the initiation of new studies with new sites, in the quest for further improvements and fresh concepts in the conduct of compensatory education. Successful new models will be demonstrated in the program's resource centers for replication in other compensatory education programs, such as Title I.

The former Right to Read program has been replaced by an expanded Basic Skills Improvement program which seeks to promote mastery of all basic skills, including reading, communications skills, and mathematics skills. This program involves increased emphasis on the State's role in coordinating basic skills activities, reinforced by agreements to be made between the States and the Secretary, DHEW. A new Achievement Testing Assistance program whose purpose is to demonstrate the use of improved testing procedures to increase the effectiveness of basic skills instructional programs, was developed as a complement to the Basic Skills Improvement program.

Bilingual Education, another integral element of this appropriation, deals with the language barriers that can prevent access to basic educational services for non-English proficient pupils. The program continues to represent a response to the growing national awareness of the need to provide special efforts to bring these pupils into the educational mainstream at a measured pace. In projects funded under this activity, this is accomplished by using bilingual instructional methods to teach pupils English and prepare them to enter the regular classroom. In 1980, this undertaking will be accelerated with a proposed $15,000,000 increase. Program efforts will include: 625 classroom projects; preservice and inservice training programs for teachers, administrators, and paraprofessionals; studies and evaluations to accurately assess the national need for bilingual education and how best to address it; model projects to demonstrate effective bilingual methods in a classroom setting which can then be widely disseminated; and a vigorous effort at the development and dissemination of instructional materials for children in language groups where the need for such materials is most evident. Since the program's inception in 1969, over three quarters of a billion dollars have been provided for its support of these various bilingual educational efforts.

The abuse of alcohol and drugs and the use of harmful substances has become a Department-wide concern. The increased request for the Alcohol and Drug Abuse Education program reflects the need to maintain effective approaches to this problem, which is a major impediment both to educational quality and to childhood health. Through a system of training local teams comprised of personnel from individual schools, a local capacity is developed to deal with the characteristics of each local problem. The requested increase will permit the training of additional new school teams. The goals of this program are also related to the Department-wide strategy on smoking, and specifically to the anti-smoking initiative of the school health program included under the Special Projects and Training appropriation.

To promote an increased sensitivity, especially by the school age population, to the complex issues of environmental quality, the budget request again maintains funding for Environmental Education. Emphasis in the program will move toward a limited number of large-scale, comprehensive projects with nationwide visibility and application potential.

The budget request includes two programs for assisting States with respect to their own education concerns and for improvement in State administrative capacity. First, in the interest of continued improvements of a State-determined priority regarding the quality of educational practices, a reauthorized and modified program for Improvement in Local Educational Practices is proposed for funding. State and local educational agencies will use their funds in accordance with their own needs and circumstances for a wide variety of activities, a number of which however, are expected to relate directly to improvement in basic skills achievement, or to improving related areas such as parental participation in their children's education and removal of early childhood learning barriers.

Second, a separate program for Strengthening State Educational Management will now permit more accurate targeting of Federal resources upon special concerns in the area of improving the administrative capacity of State education agencies, especially with respect to the coordination and management of Federal programs and resources by their local education agencies. A request for a separate appropriation for this activity in 1980 is a departure from the previous four years in which funding was included under a consolidation program.

In summary, over the past decade, the nearly $27 billion provided under this appropriation has assisted in providing the Nation's children, especially the disadvantaged, with the basic learning tools for their successful growth and development. While full attainment of the goals of these programs lies in the future, their thrust continues to be toward further improvement in basic education as an equalizer of opportunity for social enrichment and self-fulfillment.

1. Grants for Disadvantaged
(Elementary and Secondary Education Act, Title I)

1979		1979 Revised President's Budget	1980			
Pos.	Current Approp.		Authorization	Pos.	Budget Authority	Increase or Decrease
105	$3,078,382,000	$3,336,382,000	$6,027,822,950[1/]	120	$3,478,382,000	+$142,000,000

[1/] Indefinite authorization for Sections 116 and 117.

Purpose and method of operations

To raise the educational attainment of educationally disadvantaged children, programs of supplemental education services are supported. Financial assistance is provided to school districts in relation to their numbers of children in low-income families and within those districts to the schools with the greatest numbers of such children. Special programs are designed to contribute to the cognitive, emotional, social, or physical development of educationally disadvantaged children.

In addition to the financial assistance provided to the local educational agencies, funds are available to State agencies to provide educational services to: 1) children of migratory workers; 2) handicapped children in State-operated or supported schools and children who have left such schools and are participating in programs in local educational agencies; and 3) neglected and delinquent children in State-operated or supported institutions.

The funds requested will provide advance funding for school year 1980-1981. The basic entitlements are computed for States and counties in accordance with specific statutory formulas which specify the distribution of funds by the State educational agencies to the local educational agencies based on the best data available which reflect the current distribution of children from low-income families. These are described in detail in supplemental fact sheets, along with the allocation formula for programs operated by State agencies.

Contracts are awarded on the basis of national competition, to evaluate the impact of these programs, to support centers to provide technical assistance to SEAs and LEAs on evaluation, and to conduct studies on participation.

1980 budget policy

To support supplemental educational programs to raise the educational performance of over seven million children in order that their level of educational attainment may be raised to that appropriate for children of their ages, the budget request of $3,478,382,000 will provide for funds to be distributed as follows:

	1979 Revised President's Budget School Year 1979-80	1980 School Year 1980-81
Regular grants:		
Grants to LEAs	$2,625,593,367	$2,625,593,367
State agency programs	390,082,633	390,082,633[1/]
State administration[2/]	47,000,000	47,000,000
Evaluation and studies[3/]	15,706,000	15,706,000
Subtotal	3,078,382,000	3,078,382,000

[1/] Includes amount for Migrant Student Record Transfer System, now being requested under separate authorization.

	1979 Revised President's Budget School Year 1979-80	1980 School Year 1980-81
Concentration grants:		
Grants to LEAs	$ 252,916,257	$ 392,118,227
State administration[2/]	3,793,743	5,881,773
Evaluation[3/]	1,290,000	2,000,000
Subtotal	258,000,000	400,000,000
TOTAL	3,336,382,000	3,478,382,000

[2/] Total amounts for State Administration (Section 194) are presented within at $50,793,743 for 1979 and $52,881,773 for 1980.

[3/] Total amounts for Evaluation (Section 183) are presented within at $15,746,000 in 1979 and $16,446,000 in 1980. Studies (GEPA, Section 417(a)(2)) is $1,250,000 for both years.

This represents an overall increase of $142 million above the 1979 level. In recognition of the severe needs of urban and rural school districts with high concentrations of poverty, this budget proposes to distribute the increase under a concentration formula newly authorized in the Education Amendments of 1978. The budget further proposes to provide the same amount as in 1979 for the other major components of the Title I program, including Grants to Local Educational Agencies and Grants to State Agencies for Migrant, Handicapped, and Neglected and Delinquent Children. Minor increments associated with Evaluation and State Administration are requested also. Details of the distribution of the $3,478,382,000, which will provide services to an estimated 7 to 7.5 million children, follow.

(a) Grants to Local Education Agencies

1979 Estimate School Year 1979-80	1980 School Year 1980-81		
Budget Authority	Authorization	Budget Authority	Increase or Decrease
$2,625,593,367	$5,466,950,000	$2,625,593,367	---

To support supplementary educational programs to raise the educational attainment of disadvantaged students, $2,625,593,367 is requested, the same as 1979. Grants are awarded to States and counties according to legislatively prescribed formula (see supplemental fact sheets) which in turn allocate funds to specific LEAs to operate programs. Over 14,000 school districts, 90 percent of the school districts in the United States, will receive Title I funds in school year 1980-81. The estimated range in the number of children participating in Title I programs will be from about 5.7 to 6 million with an estimated average per pupil cost of from $435 to $460. Actual costs per child will vary among school districts based on the needs of the children and the types of services offered.

Based upon data from the 1976-77 school year, it is estimated that approximately 74 percent of the Title I participants will be elementary school students in grades 1-6, 18 percent will be in grades 7-12, and eight percent will be in preschool and kindergarten programs. Approximately 20 percent of the elementary school students and one percent of the secondary school students in Title I districts will receive compensatory education services. Approximately four percent of Title I participants will be children attending nonpublic schools.

The local educational agencies will use approximately 75 percent of the Title I funds to support compensatory instructional services. Less than five percent of the funds will be used to provide auxiliary services which include parent involvement activities. Expenditures of the remaining 20 percent of the funds include costs of administration, operation and maintenance of plant, and fixed charges.

The instructional services will emphasize the basic skills areas of reading, language arts, and mathematics. More than 85 percent of the Title I participants will receive services in reading or language arts and 44 percent will receive supplementary instruction in mathematics.

(b) Grants to Programs Operated by State Agencies

	1979 Estimate School Year 1979-80	1980 School Year 1980-81		
	Budget Authority	Authorization	Budget Authority	Increase or Decrease
1. (a) Children of migratory workers....	$212,582,633[1/]	$252,315,000	$209,382,633	-$3,200,000[2/]
(b) Coordination of migrant education activities[3/]	---	10,629,131	3,200,000[2/]	+ 3,200,000[2/]
2. Handicapped children.....	140,000,000	150,000,000	140,000,000	---
3. Neglected and delinquent children.....	37,500,000	40,000,000	37,500,000	---

[1/] Includes $3.2 million for funding of the Migrant Student Record Transfer System (MSRTS), to be obligated from amounts allocated to each State.

[2/] Represents MSRTS funding now being requested under separate authorization of Section 143.

[3/] Formerly funded from amount appropriated for Section 141.

To provide for the compensatory education needs of special student populations of various State agencies, programs of supplemental education services are supported. Grants are awarded to over 300 State agencies responsible for the education of children of migratory workers, and children who are handicapped, neglected or delinquent. Allocation formulas take into consideration the average daily attendance or full-time equivalency and the State per pupil expenditure. (See supplemental fact sheets.)

Over the past ten years, appropriations for these programs have increased by 276 percent as a consequence of statutory language which provides for fully satisfying these program funding requirements before funds are allocated to LEAs. Over the same time period, grants to local educational agencies have increased at less than three fifths of that rate (136 percent), even when the newly requested supplemental amounts for Concentration Grants in fiscal year 1979 are taken into consideration. At the same time, there exists in local education agencies a substantial unmet need (about 45 percent) of unserved Title I eligibles, without a similar counterpart in the State agency programs. Further, per pupil expenditures for those who do receive LEA services are sometimes considerably less than for pupils who are the responsibility of State agencies.

Therefore, the fiscal year 1980 request attempts to address all Title I needs equitably, and proposes to "cap" the amount available for obligation in the State agency programs at a level equal to the amount obligated for these programs from the previous year's appropriation. This is a departure from the fiscal year 1979 budget policy wherein the State agency programs increased as determined by formula. The following table displays for each State agency program the projected full-time equivalency or average daily attendance, and the per capita expenditure of each count which results from the proposed cap.

	1979 School Year 1979-80	1980 School Year 1980-81
Programs for migratory children:		
Projected full-time equivalency............	350,000	375,500
Expenditure per full-time equivalent......	$597	$558
Programs for handicapped children:		
Projected average daily attendance........	215,000	215,000
Expenditure per average daily attendant...	$651	$651
Programs for neglected and delinquent children:		
Projected average daily attendance........	54,500	54,500
Expenditure per average daily attendant...	$688	$688

Finally, $3,200,000 is being requested to fund the continued operation of the Migrant Student Record Transfer System, which formerly was funded from amounts diverted from each State's allocation under authority of the bypass provision. This is the same amount as obligated for this purpose from the previous year's appropriation.

(c) Concentration Grants

1979 Current Approp.	1979 Revised President's Budget	1980 Authorization	Budget Authority	Increase or Decrease
---	$258,000,000[1/]	Indefinite	$400,000,000[2/]	+$142,000,000

[1/] Includes $3,793,743 set aside for State Administration and $1,290,000 for Evaluation, discussed in their respective sections of the Supplemental Justification.

[2/] Includes $5,881,773 for State Administration and $2,000,000 for Evaluation, discussed in their respective sections of this Justification.

To address the especially acute unmet needs for compensatory education services in counties and school districts with high concentrations of Title I formula children (i.e., economically disadvantaged), additional Title I grants are requested for award to these areas. Qualifying counties must have a Title I formula population of over 5,000 or 20 percent of their total student population. (See supplemental fact sheets.) The emphasis is upon providing more and better Title I services to areas which, because of concentrations of poverty, have been historically unable to provide supplementary education services to the degree provided by counties having sounder tax bases and more manageable education costs. The request will provide for services to an estimated additional 300,000 eligible pupils over the 550,000 to 600,000 pupils expected to be served by the 1979 supplemental request. Alternatively, local educational agencies may choose to expend some of the additional amount to raise their expenditures per pupil of all of their Title I recipients as a means of meeting the higher and more difficult to control costs of education which these districts traditionally experience.

(d) State Administration

1979 Estimate School Year 1979-80	1980 School Year 1980-81		
Budget Authority	Maximum Allowable Set-Aside	Budget Authority	Increase or Decrease
$50,793,743[1/]	$52,881,773	$52,881,773[2/]	+$4,000,000

1/ Includes $3,793,743 set aside out of funds requested for the Concentration provision.

2/ Includes $5,881,773 set aside out of funds requested for the Concentration provision.

To provide for the various administrative requirements of Title I, including monitoring, audit resolution, and enforcement, State educational agencies will receive one and one-half percent of the amount allocated to the State and local educational agencies for Title I programs, or no less than $225,000 ($50,000 in the case of Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and the Trust Territory of the Pacific Islands).

In 1980, the funds requested will be used by State educational agencies to carry out their administrative responsibilities. These responsibilities include the suballocation of Title I funds to local educational agencies, monitoring Title I programs through on-site visits, reviewing reports to assure that local educational agencies are in compliance with comparability and maintenance of effort requirements, and providing technical assistance to local educational agencies in developing quality programs, in establishing school and district-wide parent advisory councils, in providing comparable services to nonpublic school children, in establishing appropriate performance objectives, and in evaluating Title I programs. State educational agencies are required to establish systems for the proper control and disbursement of Title I funds and the audit of Title I programs and to submit required reports to the U.S. Office of Education.

(e) Evaluation and Studies

	1979 Current Approp.	1979 Revised President's Budget	1980 Maximum Allowable Set-Aside	1980 Requested Set-Aside	Increase or Decrease
Evaluation (Sec. 183).....	$14,456,000	$15,746,000 1/	$17,385,660	$16,456,000	+$710,000 2/
Studies (GEPA, Sec. 417(a)(2))	1,250,000	1,250,000	Indefinite 2/	1,250,000	---

1/ The increase of $1,290,000 is attributable to the Supplemental amount now requested for Concentration Grants, and is discussed in the Justification of Appropriations for that Supplemental.

2/ An indefinite authorization, for which funding does not count against the .5 percent maximum allowable set aside for Section 183.

Evaluation

To improve State and local evaluations and to conduct national studies of ESEA Title I, amounts are set aside up to .5 percent from the program funds requested. The major portion of the funds will be used to continue current technical assistance activities, provided by the ten regional technical assistance centers, to State agencies and school districts. In response to the publication of regulations which require the use of Title I evaluation models by grantees, these centers will increase the volume of services provided, serving an estimated 13,500 school districts compared with about 9,000 in the previous year. New types of services will be offered, such as assisting districts in revising their computer programs, in selecting appropriate achievement tests, and in preparing reports for local school boards. The ten regional centers are under contract to the Office of Education, and are staffed by research and evaluation experts. Services are provided free of charge, on call, to State and school district personnel.

Funds also will be used to: provide assistance to State agencies in implementing models for the neglected or delinquent and migrant programs; continue contracts with States to support their activities in developing supplemental materials for Title I evaluation; continue the development of reporting formats for four other program areas (early childhood, English as a second language, parent involvement and non-public student participation), and continue publication of evaluation newsletters, reports, and user-oriented handbooks on various evaluation topics, such as testing neglected or delinquent students, or migrants.

Funds remaining after the accomplishment of these technical assistance goals, approximately $3 million, will be used to examine aspects of the national ESEA Title I program dealing with the nature and recipients of five types of service: those to handicapped, those to secondary students, those to students in non-public schools, those to the neglected and delinquent attending local schools, and those for facilitating parent involvement.

Lastly, from the Title I set aside for evaluation, up to $3 million per year may be used for major analyses of the financing of elementary and secondary education. These funds will be used to implement a plan developed by the Office of the Secretary, involving the participation of the Assistant Secretary for Planning and Evaluation, the National Institute of Education, and the Office of Education. Section 1203(h) of the 1978 Amendments specifically cites Section 183 of Title I as a funding source for these analyses of education finance systems in terms of: 1) their current and future overall adequacy; 2) trends in the distribution of their resources; 3) standards for measuring the equity of such distributions; 4) the impact of Federal and State programs on such distributions; 5) possible alternative Federal roles within the total context of school financing; 6) the impact of finance equalization upon the comparative quality of education programs and activities related to the arts and humanities, and upon tax structures and methods; 7) the relationship of Federal assistance to non-public education; and 8) characteristics of non-HEW Federal education support to school districts.

Studies

The survey of students and their economic and educational status is authorized by Section 417(a)(2) of the General Education Provisions Act. The study objective is to determine the numbers of economically and/or educationally disadvantaged students who do and do not receive compensatory education services. This survey will be expanded to examine student need and receipt of services in the secondary grades, as well as the effects of the Concentration Grants on the numbers of disadvantaged students who receive services.

Contracts for the conduct of these activities are for a period usually of twelve or fifteen months; an occasional exception may be for a period of performance as long as eighteen months.

SUPPLEMENTAL FACT SHEET

Title I - Grants to Local Education Agencies

Allocation procedures

Of the funds appropriated for Title I for payments to the States, an additional one percent is authorized to be appropriated for payments to Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, the Trust Territory of the Pacific Islands, and the Department of the Interior, Bureau of Indian Affairs. The estimated amount to be set aside is $34,256,447, based upon the level of request,1/ and is included within the total amount noted in this Justification for Grants to Local Educational Agencies. This is an increase of $1,398,910.

The Outlying Areas and BIA are guaranteed to receive no less than the amounts received in fiscal year 1976.

Authorizations for basic grants for the local educational agencies are computed by multiplying the number of formula children by 40 percent of the State's average per pupil expenditure (or not less than 80 percent nor more than 120 percent of the national average). The formula children include: 1) children in families with incomes below the poverty level (1970 Census Orshansky data); 2) the number of children in families receiving AFDC payments in excess of the poverty level for a nonfarm family of four (updated annually); 3) neglected or delinquent children residing in institutions which are not State-operated; and 4) foster children supported with public funds. Authorizations are ratably reduced to the amount appropriated which equals the appropriation for fiscal year 1979 and one-half of the increase for fiscal year 1981.

The remaining one-half of the funds appropriated for the basic Title I program in excess of the amount appropriated for school year 1978-79 will be allocated to the States on the basis of the number of children from families below 50 percent of the median national income for four-person families from the 1975 Survey of Income and Education. Within States, each local educational agency will receive an amount equal to its percentage of the State's basic Title I allocation.

1/ The 1980 estimate is subject to change if the Title I appropriation is more or less than this budget request, since exactly one percent of the total amount actually appropriated will be interpreted as appropriated for the Outlying Areas and BIA.

SUPPLEMENTAL FACT SHEET

Programs for Handicapped Children

Authorization allocations to each State are determined by formula. The number of eligible handicapped children counted on membership rolls (average daily attendance) in State-operated or -supported schools (including local educational agencies) is multiplied by 40 percent of the average per pupil expenditure (or no less than 80 percent nor more than 120 percent of the national per pupil expenditure). Each State is guaranteed an amount which is less than 85 percent of the amount received in the previous year. However, aside from this provision, allocations will be ratably reduced under the proposed limitation of obligations to the extent that the program's total authorization exceeds that limitation.

Title I services to the handicapped are typically used to supplement existing special educational programs for this group. Services include the hiring of consultants, purchase of equipment, addition of specialized teachers, speech pathologists, evaluation specialists, and teacher aides.

SUPPLEMENTAL FACT SHEET

Programs for Neglected and Delinquent Children

Authorized allocations are determined by formula. The average daily attendance in school is multiplied by 40 percent of the State per pupil expenditure (or no less than 80 percent nor more than 120 percent of the national per pupil expenditure). Each State is guaranteed an amount which is no less than 85 percent of the amount received in the previous year. Again, however, aside from this provision, allocations will be ratably reduced as noted above for the Handicapped program.

Approximately 125 State agencies directly responsible for providing free public education to an estimated 54,500 neglected or delinquent children in 650 State-operated or -supported institutions will receive Title I grants, the same as in fiscal year 1979. Funds will be used to supplement the existing educational efforts provided by the State agencies for neglected or delinquent children who are under 21 years of age and have not received a high school diploma. Services will be designed to address the compensatory educational needs of this population, up to 50 percent of which has severe reading problems and other basic skills deficiencies. In addition to serving basic remedial instruction needs, Title I funds will also provide for vocational instruction, guidance and counseling, and psychological services.

SUPPLEMENTAL FACT SHEET

Programs for Migratory Children

Authorized allocations to each State are determined by formula. The full-time equivalent number of migratory children residing in the State is multiplied by 40 percent of the State average per pupil expenditure (or no less than 80 percent nor more than 120 percent of the national average per pupil expenditure). Each State has available an amount that is no less than 100 percent of the amount available in the previous year. Under the proposed limitation on total amounts obligated, the effect of the 100 percent hold harmless will mean that each State will be obligated exactly the amount obligated to it from the previous year's appropriation.

It is anticipated that in school year 1980-81, 525,000 children of migratory workers will be enrolled in the Migrant Student Record Transfer System and thus become potential recipients of Title I services in over 3,000 local educational agencies. Under the requested amount, an average expenditure of $400 per child would occur if every enrollee were served. However, under a projected full-time equivalency of 375,000 participants in school year 1980-81, an average expenditure of $558 per full-time equivalent child is estimated.

The services to be provided will generally be designed to compensate for the frequently interrupted and ineffective schooling migrant children receive as they and their parents follow the crops across the Nation. Approximately 48 percent of the children will be in grades 1-6, 39 percent in grades 7-12, and 13 percent in preschool programs. In addition to the already established national priorities of accurately transmitting basic skills information on each child, identifying eligible secondary students, and improving the effectiveness of the Migrant Student Record Transfer System, special regional and nationwide projects will be developed to promote better interstate and intrastate coordination of the program's activities.

SUPPLEMENTAL FACT SHEET

Concentration Grants

Title I Concentration Grant funds are awarded on the basis of an eligibility formula, requiring that a county have more than 5,000 Title I formula children (i.e., economically disadvantaged) or the number of formula children must exceed 20 percent of the total number of children in the county. The county entitlements are computed using the numbers of formula children in excess of 5,000 or 20 percent, whichever is greater. For those States which might otherwise not receive a large share of the Concentration funds, the statute provides that no State shall receive less than one-fourth of one percent of the amount appropriated for Concentration Grants.

Each local educational agency in an eligible county is entitled to additional Title I funds. However, the funds will be distributed within the county so that the districts in which the formula children represent 20 percent or more of the total number of children will receive the largest share of the county entitlement.

Approximately one-half of the counties in the United States will receive additional funds under the Concentration provision. The 113 counties in which the 130 largest cities are located will receive more than 60 percent of the funds appropriated for the Concentration provision.

2. Support and Innovation Grants: a. Improvement in Local Educational Practice (Elementary and Secondary Education Act, Title IV, Part C)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
31	$146,400,000[1/]	Indefinite	25	$146,400,000	---

[1/] Represents comparable amount for this activity included in a total fiscal year 1979 Title IV-C appropriation of $197,400,000. The comparable balance of $51,000,000 in fiscal year 1979 for Strengthening State Educational Management pursuant to Section 404(a)(9) is carried in the activity, "Strengthening State Educational Management."

Purpose and method of operations

To provide State and local educational agencies with resources for developing and implementing improved practices and programs according to their own needs and circumstances, a program of multi-purpose grants to State educational agencies is authorized. The State educational agencies in turn award discretionary grants to their local educational agencies for a wide variety of activities dealing with such improved practices, and also for innovation and improvement in compensatory education efforts. More specifically, local educational agencies might conduct projects dealing with: serving children with special needs (i.e., gifted and talented, handicapped, and educationally deprived); dropout prevention; needs of private schools for improved services; basic skills achievement; parental participation in their children's educational process; individual school management and coordination of both educational resources and resources inherent in the surrounding community; professional development of teaching staffs and administrators; and early childhood development and screening of potential or incipient learning barriers. A mandated minimum of 15 percent of the State's allocation must be used for programs and projects focused on needs of handicapped children. A maximum of five percent may be used by the State to actually administer the State plan.

The 1978 Amendments required that five percent of the funds a State receives in excess of its previous year's amount shall be used for improved school management and resource coordination, and that 50 percent of such excess be used for innovation and improvement in compensatory education efforts.

1980 budget policy

To provide a source of funds which the State educational agency may use flexibly to improve educational practices and to support special educational programs, $146,400,000 is requested for fiscal year 1980. Beginning in 1980, the funds requested here will focus on assisting States to implement improved educational practices. Funding for Strengthening State Education Management, previously included here will be requested separately. The funds requested here, in the aggregate, will fund the program at the same level as in 1979 when adjusted for the transfer of funds for Strengthening State Education Management. The amount requested in total is the same as the amount available in 1979 for this purpose. To assure that each State receives exactly the same amount, a proviso has been added to the proposed appropriation language which results in a type of "hold harmless," by ensuring that each State receives the same amount which it used from the previous year's appropriation for these activities before any State may receive funds in addition to that amount. Without this proviso, individual States could receive more or less than they did in 1979, as a result of Section 404(a)(9), which permits States to use different percents of their entire Title IV-C allocation for the aforementioned activities as opposed to "strengthening" (Title V-B) activities.

In 1980, operating for the first time under the Education Amendments of 1978, which revised the authorized activities funding priorities of the program, SEAs and LEAs may restructure their funding priorities. For example, considering the new statutory purposes, it could be expected that parent and early childhood education projects will receive increased support and that projects to improve instruction in the basic skills will be further emphasized. It is estimated that the funds will support about 5,600 local education agency projects. Based on information derived from fiscal year 1977 reports for 49 States and extra-State jurisdictions, it is estimated that 8.5 million children will participate in these projects. These same observations apply to use of funds from the fiscal year 1979 appropriation for school year 1979-80. From information received regarding the use of fiscal year 1977 funds, the greatest percentages of projects are currently concentrated in the following areas:

Area	Percent of FY 1977 funded projects
a. Special Education	13
b. Reading/Language Arts	11
c. Mathematics	8
d. Instructional Management Systems	8
e. Career Education	6
f. Staff Training	5

2. Support and Innovation Grants: b. Strengthening State Educational Management (Elementary and Secondary Education Act, Title V, Part B)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
5	$51,000,000 1/	Indefinite	5	$51,000,000	---

1/ Represents comparable amount for this activity included in a total fiscal year Title IV-C appropriation of $197,400,000. The comparable balance of $146,400,000 in fiscal year 1979 is carried under "Improvement in Local Educational Practices."

Purpose and method of operations

To improve the effectiveness and efficiency of State educational agencies in general, and their management of Federal programs, specifically, discretionary grants are authorized under a newly defined, separate Title V-B. Grants will be awarded according to criteria to be established in the Federal Register, which will take into consideration amounts received in the prior year by each State for these purposes, under the former Support and Innovation Grants consolidation program. The awards will assist State agencies in applying effective management and administrative practices to meeting critical education needs in the State. Such needs and problems, many of which are of national concern, include further improvements in school finance equity, statewide capacity to assess basic skills achievement of all students, the provision of technical assistance in program planning and management to local educational agencies, dissemination of information on successful practices, equitable private, nonprofit school participation in Federal programs, and professional development of State education agency personnel.

State applications for grants are evaluated on the basis of soundness of approach and purpose of the State plan relative to the above areas of concern and any others noted in the statute. The State plan must also contain the means by which the State will make information and technical assistance available to private, nonprofit school officials concerning the participation of private school children in Federal programs; and a comprehensive plan for the coordination of Federal and State funds for training activities for educational personnel in the State. This program is advance funded. Funds requested in the fiscal year 1980 budget will be obligated during the period July 1, 1980 - September 30, 1981. If funds are not appropriated, States are authorized to use funds appropriated for ESEA Title IV, Part C - Improvement in Local Educational Practices, for these purposes, under the authority of Section 404(a)(4) of that title.

1980 budget policy

To continue Federal support to assist State educational agencies to improve their operations, $51 million is requested in 1980 to initiate a new discretionary program of grants to SEAs. Prior to 1980, States utilized funds for this purpose from amounts allocated to them under ESEA IV-C. The amount requested in 1980 represents the aggregate amount used by the States in 1979 for these purposes from Title IV-C.

Awards to SEAs will be based on project applications and emphasis will be placed on activities designed to improve specific areas of operations and to concentrate on management of Federal programs through technical assistance to local educational agencies. Further, for the first time, SEAs will be required to provide information and technical assistance to nonprofit institutions.

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3. Bilingual Education
(Elementary and Secondary Education Act, Title VII)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
48	$158,600,000[1]	$299,000,000	48	$173,600,000	+$15,000,000

[1] Includes $8,600,000 for Bilingual Desegregation program transferred to Title VII from the Emergency School Aid Act program in fiscal year 1980.

Purpose and method of operations

To provide equal educational opportunities and develop English language proficiency for children of limited English ability, grants and contracts are awarded to: 1) build the capacity of local education agencies to provide bilingual instruction; 2) enable States to provide coordination and technical assistance to local education agencies; 3) support a variety of teacher and management training activities; 4) develop, assess, and disseminate curriculum materials; and 5) support studies and evaluations to measure needs for bilingual education and determine the most effective ways to meet them. In the case of Puerto Rico, programs are also provided for children of limited Spanish ability, to develop their Spanish language proficiency.

This program is largely forward funded. Grants are awarded on the basis of national competition, with projects approved for a period of one to three years. Support after the first year's award is subject to successful performance and the availability of funds. Contracts are awarded on the basis of national competition and may extend, in some instances, for more than twelve months.

1980 budget policy

In fiscal year 1980, $173,600,000, an increase of $15,000,000 over fiscal year 1979, is requested to support activities for the 1979-80 school year.

1. Grants to school districts. To assist in building the capacity of local education agencies to address the needs of their children with limited English speaking ability, $112,525,000 is requested to initiate LEA bilingual instruction projects. The primary objective of such instruction is to enable participants to master English at a level necessary for them to take advantage of the regular school program. The request will provide funds for approximately 625 bilingual projects, of which 179 will be new awards. Awards include funding for inservice teacher training to meet needs determined by the local school districts. Approximately 340,000 students will be enrolled in the projects, an increase of 18,000 over fiscal year 1979. In accordance with the provisions of the Education Amendments of 1978, at least 60 percent of the students will be of limited English proficiency, and local education agencies will be required to individually evaluate each child who has been in a Title VII bilingual program for two years to determine the child's need for continued participation. About $5,000,000 of the funds for grants to school districts will be reserved for the development of full-scale model programs at approximately 50 of the most successful continuing projects, to demonstrate effective bilingual education methods.

	1979	1980
Grants to school districts (LEAs)	$102,350,000	$112,525,000
Number projects supported	592	625
Number new starts	(132)	(179)
Model projects funded	---	(50)
Number children participating	322,000	340,000
Average cost per student	$ 287	$ 287

2. Training. In order to reduce the shortage of bilingual education teachers and to improve bilingual teaching and administration, $30,325,000 is requested for training activities, including:

   a. Fellowships: $5,500,000 for approximately 775 graduate-level fellowships to prepare educators to train bilingual education teachers. The Education Amendments of 1978 require that fellowship recipients must either repay the award or work in the field of bilingual education teacher training for a period equal to the number of years for which assistance was received.

   b. Professional development: $16,000,000 to support undergraduate and non-degree programs to train bilingual education personnel, primarily teachers, and to develop bilingual education capacity at institutions of higher education. Awards will be made to about 120 universities for the development or expansion of bilingual education programs in their schools of education, and for approximately 1,100 stipends to undergraduates who participate in these bilingual programs. In a new program emphasis, grants and contracts will also be made for short-term institutes providing intensive summer training sessions for bilingual project staff; for community college programs for bilingual education paraprofessionals; and for programs designed to help parents of language-minority children participate more fully in the education of their children. Special emphasis in these training programs will be placed on improving management skills of present and potential bilingual education administrators and teachers.

   c. Training resource centers: $8,825,000 for awards to about 22 training resource centers to improve the quality of teaching at Title VII supported LEA projects. The centers provide training and technical assistance for Title VII teachers, paraprofessionals, and project administrators and offer management training to improve the administration of Title VII programs.

3. Materials development. To meet national needs for effective bilingual materials $10,000,000 will support the development, assessment, and dissemination of curricular and other instructional materials. A recent Office of Education bilingual curriculum materials study, to be released in Spring, 1979, highlights the need for bilingual education materials which better satisfy needs of local school districts, and for more vigorous dissemination of the materials developed by Title VII centers. In order to: 1) promote a coordinated national bilingual materials program, 2) expand the number of languages for which bilingual materials are available, and 3) fill remaining gaps in curriculum materials available in Spanish, Portuguese, and Asian languages, half of the funds requested will be used to contract for the development of specific bilingual products. The balance will be used for continuation grants to complete the development of materials underway at about six materials development and dissemination centers.

4. State education agencies. To help States coordinate Title VII bilingual education activities and provide technical assistance to local school districts, $5,000,000 is requested for contracts with 46 State education agencies. Contracts are authorized in an amount up to five percent of the total Title VII funds awarded to local education agencies in that State in the preceding fiscal year.

5. Advisory Council. An amount of $150,000 will be set aside for the activities of the National Advisory Council on Bilingual Education.

6. Clearinghouse. An amount of $1,000,000 is requested for the operation of the Bilingual Education Clearinghouse, supported in conjunction with the National Institute of Education.

7. Studies and evaluations. To carry out studies required by the Education Amendments of 1978, $6,000,000 is requested for studies and evaluations. This effort will be three-fold. First, studies will be conducted to assess the national need for bilingual education, including determining: 1) statistical projections of changes in the size of the population with limited English proficiency, nationwide; 2) the extent to which limited English proficient children are currently participating in bilingual education programs; and 3) the number of teachers with bilingual education skills and the degree to which Title VII training programs have reduced the bilingual teacher shortage. Second, to improve the effectiveness of bilingual services for students: 1) classroom instructional and evaluation models, begun in fiscal year 1979, will be completed and tested; 2) a national study of the elements essential to effective bilingual classroom programs will be undertaken; 3) standards for determining when students should enter and exit bilingual programs, developed beginning in 1979, will be assessed and field tested; and 4) an assessment of the effect of alternative bilingual approaches on student achievement and proficiency in English will be conducted. Finally, studies will be conducted to find methods to more effectively and efficiently manage the Federal bilingual effort. As required by the Education Amendments of 1978, bilingual studies and evaluations funded under the authority of ESEA Title VII, Part C, are administered by the Office of the Assistant Secretary of Education and conducted by the Office of Education, the National Institute of Education, and the National Center for Educational Statistics. The amount requested, an increase of $4,000,000 over fiscal year 1979, will be shared among these agencies in accordance with a plan developed by the Assistant Secretary's Part C Coordinating Council, whose membership includes representatives from OE, NIE, and NCES.

8. Bilingual desegregation grants. In order to reduce the isolation of language minority children and increase their educational opportunities, $8,600,000 will assist about 30 local education agencies to offer bilingual-bicultural education programs at the elementary and secondary levels. Projects funded must be integral parts of desegregation programs of the local school districts. Awards include funds for training teachers and other bilingual education staff. This activity, formerly authorized by the Emergency School Aid Act, was transferred to Title VII by the Education Amendments of 1978.

In fiscal year 1979, an appropriation of $150,000,000 will include $102,350,000 for grants to local education agencies. These grants will support 592 classroom projects, including appropriate inservice training. An estimated 132 will be new awards. In addition to inservice training conducted by local school districts, $29,625,000 will be available for other training. Materials development, assessment, and dissemination will be supported by $10,000,000. An estimated 46 States will receive $4,875,000 for technical assistance and coordination efforts, while the National Advisory Council on Bilingual Education will receive $150,000, and $1,000,000 will fund the third year of operation of the bilingual clearinghouse. Finally, $2,000,000 will fund studies and evaluation of bilingual education needs and practices as mandated by Congress in the Education Amendments of 1978. Studies will include the development and dissemination of instructional and evaluation models; evaluation of the effectiveness and extent of preservice bilingual teacher training programs; and initial work on projections of student populations needing bilingual services, and services now received by children with limited English proficiency.

Bilingual Education Summary

	1979	1980
Grants to school districts (LEAs)....	$102,350,000	$112,525,000
Training..............................	29,625,000	30,325,000
Materials development and dissemination......................	10,000,000	10,000,000
Awards to State education agencies...	4,875,000	5,000,000
Advisory Council......................	150,000	150,000
Clearinghouse.........................	1,000,000	1,000,000
Studies and evaluations...............	2,000,000	6,000,000
Bilingual desegregation grants.......	8,600,000 1/	8,600,000
Total..........................	158,600,000	173,600,000

1/Shown for comparability. Bilingual Desegregation program transferred to Title VII from ESAA starting in fiscal year 1980.

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4. Basic Skills Improvement Program
(Elementary and Secondary Education Act, Title II)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
26	$27,750,000 1/	2/	29	$35,000,000	+$7,250,000

1/ Includes $750,000 for Special Mathematics projects transferred to Title II, Elementary and Secondary Education Act, from the Emergency School Aid Act (ESAA) program starting in 1980.

2/ Part A: $20,000,000; Part B: Indefinite; Part C, Section 231: $10,000,000; Part C, Section 232: Indefinite.

Purpose and method of operations

To improve basic skills achievement among the Nation's children, youth, and adults, Title II of the Education Amendments of 1978 authorizes a Basic Skills Improvement program. The general strategy of this new program is to provide facilitating services and resources to stimulate educational institutions, governmental agencies, and private organizations to improve and expand their activities relating to reading, communications skills, both written and oral, and mathematics skills. Specifically, it is designed to encourage States, local school districts, community organizations, colleges, and the Federal government to coordinate every appropriate resource for basic skills improvement. This program replaces the National Reading Improvement Program (Right to Read) and expands the focus of Federal concern to mathematics and oral and written communication, as well as reading.

The primary thrust of this new initiative is aimed at State coordination of basic skills programs, to be reinforced by a new State-Federal relationship to support individual agreements for comprehensive planning and implementation of basic skills activities. The Office of Education plans to enter into agreements with every State, which describe an individualized State basic skills program and a method of coordinating resources to implement it. The Basic Skills program is both an impetus to and a component of a larger national effort to accomplish the goal of mastery of basic skills.

This program is divided into three major component parts. Part A (national) activities support a variety of programs aimed at basic skills improvement at the local level. Some of these are to be implemented for the first time, while others are similar to those which took place under the Right to Read program, but are expanded to include all basic skills. Part B (State) activities provide support so that States may coordinate statewide basic skills programs. Part C provides for two special basic skills activities--one aimed at motivating students to read and the other aimed at improving mathematics skills.

This new legislation specifies that the first $20,000,000 appropriated for the program must go for Part A (national) activities before Part B (State) or Part C (special) activities may be funded. At the same time, it also provides that $20,000,000 is the maximum amount to be awarded for Part A activities.

Parts A and C represent discretionary, forward-funded programs. Grants and contracts will be made to State and local educational agencies, and other public and private organizations. Distribution of funds under Part B will be made to States on the basis of student population, with no State receiving less than

$50,000. At the same time, the new basic skills legislation stipulates that 70 percent of the amount appropriated for Part B must go through the States to LEAs in the form of grants.

1980 budget policy

To promote basic skills mastery, $35,000,000 is requested to support a variety of authorized projects within the three major components. This represents a comparable increase of $7,250,000 over the Right to Read program funding level in fiscal year 1979.

National (Part A) activities will be funded at the maximum $20,000,000 authorization level to support several newly authorized components, such as technical assistance, parental participation projects and use of technology in instruction, in addition to revised and expanded forms of components funded in the past under Right to Read. This level will permit funding of State (Part B) activities, for which $8,250,000 is requested. Of the two Part C programs, the Inexpensive Book Distribution program will be funded at the current level of $6,000,000 and the Special Mathematics program, transferred from the Emergency School Aid Act (ESAA) program, will be funded at $750,000, the same level it was funded under ESAA in 1979.

Part A - National Activities

1. Technical assistance: To stimulate and assist LEAs and SEAs in basic skills improvement efforts and to assist in the coordination of all components of this new legislation, this component authorizes contracts for regional basic skills teams to provide comprehensive technical assistance. For carrying out this activity, $2,000,000 will be available for approximately eight awards in 1980.

2. Instruction in basic skills: To support activities designed to demonstrate improved delivery of instructional services in the areas of reading, mathematics, and oral and written communication, this component authorizes schoolwide basic skills program activities. These include such activities as assessing needs, establishing learning goals, and implementing basic skills programs. Projects of this type, limited to reading, were conducted in fiscal year 1979 as "reading improvement projects" under Right to Read. For carrying out this activity, $7,500,000 will be available for approximately 115 awards in 1980.

3. Parental involvement in basic skills: To encourage parents to assist their children in improving basic skills, this new program will support the development and dissemination of informational materials to enlist parents and volunteers in teaching children basic skills. For carrying out this activity, $1,500,000 will be available for approximately 15 awards in 1980.

4. Use of technology in basic skills instruction: To expand the variety and improve the quality of basic skills instruction, this new component authorizes development and acquisition of audio and video instructional materials for teachers and students, training of educational personnel in the use of educational technology and distribution of information related to technology and basic skills. For carrying out this activity, $2,000,000 will be available for approximately two awards in 1980.

5. Involvement of educational agencies and private organizations: To stimulate children, youth and adults to improve their mastery of basic skills outside the normal school setting, this activity supports efforts by public and private organizations to implement voluntary tutorial programs, motivate children to improve their reading skills, and establish programs for lending or selling

books to children, youth, and adults. This objective includes, but is not limited to, the funding of "reading academies," as titled in the Right to Read program. For carrying out this activity, $6,000,000 will be available for approximately 60 awards in 1980.

6. Collection and dissemination of information relating to basic skills programs: To evaluate and disseminate the results of activities relating to basic skills, funds for this component will support studies and dissemination of materials, processes, practices, procedures, and programs that have been successful in improving the achievement of students in the basic skills. This objective includes, but is not limited to, "national impact projects," funded under Right to Read. For carrying out this activity, $1,000,000 will be available for approximately five awards in 1980.

Part B - State Basic Skills Improvement Program

An increased recognition of the State's role in coordinating basic skills activities is the primary basis of the State Basic Skills program. States will develop individualized agreements with the Department of Health, Education, and Welfare relating to overall coordination of basic skills activities throughout the State.

To carry out leadership and training activities and to develop agreements for statewide basic skills programs, $8,250,000 is being requested for States to implement the State Basic Skills Improvement program, which authorizes two major activities. Section 222, "Agreements with State Educational Agencies," authorizes a number of activities for development and implementation of a comprehensive State basic skills program to become part of a Federal-State agreement. Authority for Section 224, the "State Leadership Program," will allow States to undertake such activities as development of a comprehensive statewide program for improving basic skills, coordination of resources to improve basic skills instruction in the schools of the State, assistance to local educational agencies in the development of basic skills programs, and inservice training programs for LEA administrators and staff members involved in basic skills instruction.

Part C - Special Basic Skills Projects

1. Inexpensive Book Distribution Program: To provide motivation to children to learn to read, this component supports the distribution of inexpensive books to students. This program supports 75 percent of the cost of purchasing the books; in certain instances, however, books distributed to children of migrant and seasonal farmworkers are totally supported by Federal funds. For carrying out this activity, $6,000,000 will be available for approximately one award in 1980.

2. Special Mathematics Program: To improve mastery of mathematics skills, this component provides for the teaching of standard mathematics to eligible children through instruction in advanced mathematics by qualified instructors. It was formerly funded under the Emergency School Aid Act (ESAA) program. For carrying out this activity, $750,000 will be available for approximately one award in 1980.

Summary of Activities to be Funded under Basic Skills Improvement Program - 1980

Part A (National)	
Technical assistance	$ 2,000,000
Instruction in basic skills	7,500,000
Parental involvement	1,500,000
Use of technology	2,000,000
Involvement of education agencies	6,000,000
Collection and dissemination	1,000,000
Subtotal	$20,000,000
Part B (State)	
State basic skills program	8,250,000
Subtotal	$ 8,250,000
Part C	
Inexpensive book distribution (RIF)	6,000,000
Special mathematics program	750,000
Subtotal	6,750,000
TOTAL	$35,000,000

In fiscal year 1979, similar activities were funded under the National Reading Improvement program (Right to Read). The focus of these programs was on reading improvement only, rather than on mastery of all basic skills. The following are the specific activity categories funded in fiscal year 1979 under Right to Read.

Summary of Activities Funded under Right to Read - 1979

Reading improvement projects	$ 8,400,000
Reading academies	5,130,000
State leadership and training	6,400,000
Inexpensive book distribution	6,000,000
National impact projects	800,000
Evaluation	270,000
Special mathematics projects (funded under ESAA)	750,000
TOTAL	$ 27,750,000

5. Achievement Testing Assistance
(Elementary and Secondary Education Act, Title IX, Section 922)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	---	Indefinite	3	$2,000,000	+$2,000,000

Purpose and method of operations

To develop and improve the capacity of States and local school districts to conduct achievement testing programs that measure basic skills competencies, this program provides assistance to school districts seeking to improve available tests, to find the best ways to integrate tests into the educational process, and to learn how to use tests to more effectively promote the acquisition of basic skills.

In response to the national decline in standardized test scores and findings of illiteracy among high school graduates, minimum competency provisions are being adopted by more and more States. Where these provisions are in effect, students are tested at various points in their education careers to determine whether they have mastered basic competencies appropriate to their grade level. With the use of testing for such purposes on the increase, the importance of accurate design and measurement of tests and test results has become critical. The long range goal of this national program, thus, is to facilitate basic skills improvement of elementary and secondary school children by promoting the development and demonstration of the best ways to use test data and results to ensure that basic skills programs do, in fact, improve basic skills.

This is a discretionary, forward-funded program. Applications are reviewed and ranked according to compliance with criteria specified in rules and regulations. Awards are then made on the basis of scores received by eligible applicants. Grants and contracts will be awarded to State, local, public or private organizations to develop projects designed to demonstrate the best ways to use test data to improve basic skills program implementation. This activity was designed to complement the new Basic Skills Improvement program (Title II, ESEA). Together, these two programs will encourage States and localities to adopt minimum competency standards and to develop more effective basic skills programs.

1980 budget policy

To improve the use of achievement testing procedures for implementing more effective basic skills programs, $2,000,000 is requested for fiscal year 1980. Projects funded will serve as a model for and impetus to other organizations to evaluate testing practices and basic skills instructional programs. Activities include:

1. Ten grants to organizations, one to cover each Federal region, to develop demonstration programs to show the best ways to use test data and results to implement effective basic skills programs. For carrying out this activity, approximately $1,000,000 will be made available.

2. Two contracts to eligible organizations for: 1) technical assistance to the ten grant recipients noted above on testing procedures and usage; 2) development of specific materials and information packets to be used by grant recipients and other interested parties; and 3) dissemination of information and models developed on use of test results and their relationship to improved instruction and improved basic skills achievement. For carrying out this activity, approximately $1,000,000 will be made available.

6. Follow Through
(Headstart-Follow Through Act)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
26	$59,000,000	$70,000,000	24	$59,000,000	---

Purpose and method of operations

To identify, develop, test and disseminate approaches and practices to early childhood education, grants are made for implementing and testing instructional approaches for elementary education. In addition, supplementary awards are made to local projects which have implemented educational approaches validated by the Office of Education/National Institute of Education Joint Dissemination Review Panel for expanded demonstration and dissemination activities (called resource centers). Awards for the above activities are made for one year; applications are required annually from all competitors and are reviewed and rated by a panel of outside experts and OE program specialists. In addition to program operation grants, contractors are selected on the basis of national competition to perform program development and evaluation tasks according to specifications prepared by OE. Some of these contract periods are in excess of one year.

1980 budget policy

To improve the delivery and effectiveness of elementary school educational services to the disadvantaged, new approaches and practices will be pursued. In 1980, these funds will initiate the design, testing, and dissemination of new instructional approaches which have the potential to raise the achievement of disadvantaged children. Models will be tested in new sites which agree to implement the identified approach including instructional materials, teaching strategies, and inservice training. Evaluation of the impact of these models will then be tested over time to determine their effectiveness. These activities will build upon new studies undertaken in fiscal years 1978 and 1979 to develop planning information for future Follow Through experiments and to examine alternatives for Follow Through experimentation. Developmental work on alternatives produced and discovered in the latter study will continue through fiscal year 1979.

The long-term strategy for the Follow Through program is to continue experimentation on childhood education through identification of new approaches, implementation, evaluation and, if successful, dissemination and demonstration.

In 1979, local sites will be aided, some at funding levels at or below the 1978 level. Resource centers will be continued with expansion possible, depending upon successful performance. Building on 1978 activities, further developmental work will be done to prepare approaches for a new experimental cycle in 1980. Awards in 1980 will include some first generation sites selected to participate in new studies as well as new sites implementing new models.

7. Alcohol and Drug Abuse Education
(Alcohol and Drug Abuse Education Act)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
6	$2,000,000	$14,000,000	6	$3,000,000	+$1,000,000

Purpose and method of operations

To develop an ongoing, local problem-solving capability to prevent alcohol and drug abuse, funds are authorized by the Alcohol and Drug Abuse Education Act (P.L. 93-442, as amended by P.L. 95-336). This capability is designed to be equally applicable to related behavior problems such as truancy, vandalism, and disruptive behavior, which, along with all types of substance abuse, manifest in behavior that is an impediment to receiving a good education. The Act authorizes alcohol and drug education projects in schools, communities, and institutions of higher education. It provides for development, validation and dissemination of prevention strategies throughout the country and for leadership training for educational and community personnel, and for parents.

1980 budget policy

To improve the capacity of communities to reduce substance abuse, $3 million is requested for the competitive contracting of five strategically placed regional training resource centers which will provide training and technical assistance to teams of school personnel from local educational agencies all across the country. The approximate cost of each contract will be $562,000 for a contract period of 12 months. The school teams to receive initial training will be selected in national competition by the resource center evaluation staff consisting of two readers representing the center and the State education agency, and a third independent expert. These school teams will then continue to receive technical assistance on-site in their own schools from the resource centers as they design and implement prevention approaches that are tailored to their particular school situations regarding substance abuse and related behavior problems. Part of this technical assistance will include leadership development conferences for school district administrators.

Under the budget request, upwards of 60 new teams will be trained, and technical assistance will be offered to over 375 previously trained teams. Of the new teams trained, up to 20 percent might be from rural areas. However, finite program resources call for focusing most efforts upon urban areas, where the alcohol and drug abuse problems is most severe and persistent, and where the greatest numerical coverage of students is possible. This greater coverage is possible partially because urban (and suburban) teams can be trained in four-team clusters (personnel from a high school and its "feeder" schools - junior high and elementary schools) rather than in geographically unrelated groups. The most effective of the persons trained through the four-team cluster approach are further trained to become new trainers for other schools and clusters of schools in their districts or communities. Their work is assisted through one year of on-site technical assistance.

The training resource centers will continue to disseminate the most promising practices as models for adaptation by school districts throughout the country if appropriate to their local circumstances. Through a $100,000 technical assistance contract, the program will advise State education agencies on building cooperative ventures with other State agencies having responsibility for alcohol and drug abuse prevention.

Finally, a mandated three percent ($90,000) set-aside for evaluation activities will be used to continue expansion of the national data base through the acquisition of impact data on school teams, including the types of program activities the teams have designed and the effectiveness of those activities.

In fiscal year 1979, the training centers will be providing technical assistance to about 375 previously trained teams in their respective school districts. Under a $2 million budget authority, the contracts will average about $368,000. The first year of the mandated evaluation effort will be devoted to collecting baseline data and compiling initial information on the school teams.

SUPPLEMENTAL FACT SHEET

Alcohol and Drug Abuse Education

Selection of method of operation included consideration of the variety of activities authorized, in conjunction with a preference for the school team approach indicated in the legislative history of the program's recent reauthorization.

The school team training method, as conducted by five regional training resource centers, has again been selected as the primary component of the 1980 budget strategy, because:

--Concentration of resources in the training centers allows for the ongoing development and consistent availability of sufficient expertise in the field at each center.

--The alternative of small grant awards to most or all States would most likely achieve no significant impact.

The current method of operation also provides for the most credible type of demonstration and public information capacity:

--Presence of continually operational, high caliber teams in selected schools and school districts results in ongoing models of replication quality for adjacent schools and districts, especially under the "multiplier effect" of team members becoming trainers of additional teams.

--The public is informed in a way which gives true visibility not only to the extent of the problem but also to examples of workable means of dealing with the problem on a preventive basis.

The following statistics are pertinent to the fiscal years 1979 and 1980 budget strategies:

	1979	1980
New teams trained	---	60
On-site technical assistance days delivered..........................	3,465	3,572
School districts affected..........	95	119
Schools affected..................	380	460
Students K-12 affected.............	600,000	760,000
Educational personnel affected.....	7,600	8,800
Local programs generated...........	760	880
State education agencies involved..	25	25

Most of the above indicators do not increase in proportion to the requested increase in budget authority. This results from the concentration of resources on the initial training of new teams. However, qualitative changes can be dramatic because they represent an impact upon schools with no previous contact with the program. Moreover, once teams are trained, the dividends multiply significantly through the provision of follow-up technical assistance.

B. Environmental Education
(Environmental Education Act)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
9	$3,500,000	$7,000,000	8	$3,500,000	---

Purpose and method of operations

To assist the development of educational resources and practices for public understanding of problems, issues, and options related to environmental quality in the context of quality of life, the Environmental Education Act provides for the awarding of grants and contracts on the basis of national competition. Grants are awarded to public and private nonprofit agencies, organizations and institutions. Funds also are awarded for competitive contracts to meet specific national developmental needs in environmental education. All technically eligible proposals are evaluated in terms of their relative merit by three nongovernment reviewers who have expertise in this area.

1980 budget policy

In fiscal year 1980, funding emphasis will shift from the support of basic resource development and pilot projects to the support of large scale multi-year projects which have nationwide significance and application potential. These projects will address formal and nonformal environmental education, and specifically the requirements for cooperative high school-community programs that can be adopted and continued by the "institutions" in the area or region of the project's location.

To achieve this purpose, approximately 14 grants will be awarded to public and private nonprofit agencies, institutions, consortia, etc., for the full scale design, development, and implementation of environmental education projects dealing with specific environmental issues and focusing primarily on secondary school programs. These projects will operate in selected local education agencies and involve the participation of key persons in education, public interest, State and regional planning, and business and professional associations. The expertise demanded of these persons as a group will be comprehensive, covering every facet of the project, including personnel and materials development, technical assistance and documentation and evaluation of the project.

Approximately $3,250,000 or more will be awarded for the competitive, comprehensive, multi-year projects. The remaining funds, up to $250,000, will be allocated for mandated energy contests which will be administered as a contract activity.

9. Telecommunications Demonstrations
(Communications Act of 1934, Section 395A, as amended)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---1/	$1,000,000	$1,000,000	---1/	$1,000,000	---

1/ This program is administered in the Office of the Secretary.

Purpose and method of operations

To demonstrate models in non-broadcast communications technology (cable, satellite, microwave, closed-circuit television, etc.) which have potential for increasing the distribution of health, education, and welfare informational services to greater numbers of clients, for providing services of higher quality, and for delivering these services economically, a program of grants is authorized to be administered by the Office of the Secretary. Grant award periods may not exceed three years. Applications are evaluated by teams of in-house readers representing HEW, and also NASA and FCC, with three of the members evaluating for social welfare substance and content, and one or two members evaluating for technical feasibility.

1980 budget policy

To provide for about eight or nine telecommunications demonstrations models, the same number that will be funded under the fiscal year 1979 appropriation, $1,000,000 is requested to be administered by the Office of the Secretary. Four of the awards in both fiscal years 1979 and 1980 will be continuations of projects begun in the previous fiscal year.

10. Ellender Fellowships
(P.L. 92-506)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$1,000,000	$1,000,000	---	---	-$1,000,000

Purpose and method of operations

To increase the understanding of the Federal government among secondary school students, teachers, and the communities they represent, funds are provided to the Close Up Foundation of Washington, D. C. The Foundation then awards fellowships to economically disadvantaged secondary school students (i.e., average family income is about $8,500) and their teachers. The communities in which the fellowships are awarded are chosen annually by the Foundation's board of directors on the basis of an equitable geographic and urban/rural representation, community interest, and the availability of matching funds from other sources in the community. Each secondary school in the selected communities receives one student and one teacher fellowship which can be shared as partial fellowships. Students are further selected on the basis of their interest in the objectives of the program and teachers are selected by principals. These students and teachers spend one week in Washington meeting with leaders from the three branches of government.

1980 budget policy

In past years, communities participating in the Close Up program have actually contributed most of the funds for its operation, including the provision of fellowships for low-income students. The continuation of such community interest is not expected to depend primarily upon Ellender Fellowship funding. Rather, this type of responsiveness indicates the capacity of local organizations and institutions to either continue working with the Close Up Foundation or to institute activities identical or similar to Close Up.

In fiscal year 1979, about 2,500 fellowships will be supported from the amounts appropriated.

11. Ethnic Heritage Studies
(Elementary and Secondary Education Act, Title IX, Part E)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
5	$2,000,000	$15,000,000	3	---	-$2,000,000

Purpose and method of operations

To provide for a greater understanding of the diverse culture and heritage of the Nation, grants are awarded for the development and dissemination of curricular materials dealing with ethnic heritage studies, for the formal and non-formal training of persons to use those materials, and for community activities undertaken by organizations with special interests in ethnic groups. These efforts will afford students an opportunity to learn more about their own and other ethnic groups and to work towards reducing social divisiveness. Awards can be made to public and private nonprofit educational agencies, institutions, and organizations. Competition is national in scope, with awards being determined by outside readers who are experts in the field.

1980 budget policy

No funds are requested for the program, consistent with completion of the phase-out begun in fiscal year 1979. Projects in this general area are eligible for funding under a broad range of programs administered by the National Endowment for the Humanities. In fiscal year 1979, the conclusion of the Office of Education role will be the funding of approximately 50 new awards, with special emphasis on training and materials development. Over the past six years, the more than $12.5 million appropriated for this program has funded hundreds of awards for these types of activities.

Elementary and Secondary Education

Title I, Educationally Deprived Children

State or Outlying Areas	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 3/
TOTAL	$2,735,000,000	$3,078,382,000	$3,078,382,000
Alabama	65,611,919	68,601,805	68,468,358
Alaska	6,551,495	6,895,770	6,885,236
Arizona	29,216,325	31,145,403	31,092,645
Arkansas	41,723,733	43,995,101	43,916,293
California	259,429,638	266,816,887	266,356,791
Colorado	25,628,844	27,423,932	27,376,237
Connecticut	24,330,875	26,557,424	26,510,265
Delaware	8,181,426	8,750,139	8,736,312
Florida	102,615,137	100,471,428	100,303,740
Georgia	72,457,876	75,958,523	75,813,256
Hawaii	9,026,624	10,910,853	10,890,499
Idaho	8,508,055	8,927,243	8,913,932
Illinois	119,530,445	129,360,075	129,130,941
Indiana	36,570,327	37,723,545	37,656,137
Iowa	23,806,960	24,976,267	24,928,536
Kansas	20,709,016	21,716,971	21,677,400
Kentucky	54,071,587	56,671,846	56,567,103
Louisiana	77,550,680	81,091,274	80,938,125
Maine	12,069,039	12,554,844	12,534,773
Maryland	45,436,508	46,923,953	46,837,928
Massachusetts	60,368,599	64,511,249	64,404,507
Michigan	109,515,325	123,610,900	123,389,371
Minnesota	37,060,530	38,677,835	38,604,955
Mississippi	64,670,374	68,207,874	68,078,380
Missouri	47,023,420	48,916,956	48,825,739
Montana	9,449,728	9,823,712	9,806,488
Nebraska	14,155,319	15,212,780	15,184,311
Nevada	4,008,656	4,074,329	4,067,763
New Hampshire	4,666,896	4,742,635	4,734,667
New Jersey	70,700,485	74,945,560	74,810,435
New Mexico	22,901,293	24,038,762	23,995,496
New York	254,239,104	277,569,300	277,051,006
North Carolina	82,543,735	85,903,106	85,745,664
North Dakota	7,887,223	8,543,845	8,528,802
Ohio	82,167,178	86,556,758	86,400,581
Oklahoma	31,620,634	33,271,775	33,209,878
Oregon	28,617,571	29,277,314	29,229,576
Pennsylvania	123,238,699	132,542,698	132,299,153
Rhode Island	9,049,621	9,757,947	9,740,067
South Carolina	51,276,662	53,397,567	53,295,300

State or Outlying Areas	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 3/
South Dakota	$ 9,304,607	$ 9,040,450	$ 9,023,568
Tennessee	60,152,425	62,714,840	62,594,004
Texas	211,464,820	221,218,362	220,867,737
Utah	8,788,332	9,246,479	9,229,789
Vermont	5,435,478	5,640,668	5,631,964
Virginia	60,331,366	61,772,877	61,655,844
Washington	36,100,992	37,562,634	37,501,901
West Virginia	26,608,449	27,731,337	27,677,921
Wisconsin	43,104,710	46,069,315	45,984,197
Wyoming	6,265,082	6,368,753	6,361,562
District of Columbia	16,595,573	17,806,146	17,774,644
Puerto Rico	73,739,378	98,004,069	97,813,822
American Samoa)	27,326,724	31,090,850	34,999,762 4/
Guam)			
Northern Marianas)			
Trust Territory)			
Virgin Islands)			
BIA)			
Evaluation & Studies	12,250,000	15,706,000	16,996,000
Undistributed	1,346,523	---	---
Reserve	---	149,353,095	147,422,639

1/ Total appropriation $2,735,000,000 (obligated under P.L. 89-10, as amended by P.L. 93-380); Part A: $2,722,750,000 with $27,847,566 for Administration, $337,848,384 for State Agencies, and $2,355,707,527 for local education agencies; Part D and Studies: $12,250,000; currently undistributed: $1,346,523.

2/ Total appropriation $3,078,382,000 (to be obligated under P.L. 89-10, as amended by P.L. 95-561); Part A, Subpart 1: $2,508,699,597; Part B: $360,305,308; State Administration set-aside (Sec. 194): $44,318,000; Evaluation set-aside (Sec. 183) $14,456,000; GEPA Section 417(a)(2): $1,250,000. An amount of $149,353,095 is reserved for Part A, Subpart 1, Section 111(a)(3)(D), (SIE distribution) pending final certification of data from the Department of Commerce. From that amount, additional payments for State administration will also be made.

3/ Total appropriation $3,078,382,000 (to be obligated under P.L. 89-10, as amended by P.L. 95-561); Part A, Subpart 1: $2,510,678,059; Part B: $357,105,308; State Administration set-aside (Sec. 194): $44,269,994; coordination of Migrant Education activities (Sec. 143): $3,200,000; Evaluation set-aside (Sec. 183): $14,456,000; GEPA Section 417(a)(2): $1,250,000. An amount of $147,422,639 is reserved for Part A, Subpart 1, Section 111(a)(3)(D), (SIE distribution) pending final certification of data from the Department of Commerce. From that amount, additional payments for State Administration will also be made.

4/ The $4 million increase in the estimated Outlying Area allocation in 1980 results from the anticipated timing of the 1979 Supplemental Appropriation for $258,000,000. The basic law provides that the Outlying Area allocation be calculated at one percent of the total payments under Part E including the Concentration Grant funds, but must be paid out of the LEA funds excluding the Concentration Grant funds. Since we assume that the Supplemental appropriation for Concentration Grants may not be available when the allocations are calculated in February-March 1979, the Concentration Grant amount will not be included in the base for making the calculation. Later, if the Concentration Grants are appropriated by the Congress, these Concentration Grants are not to be used for funding the Outlying Area allocation.

5/ Although the total amount appropriated for this part of Title I is identical in both fiscal year 1979 and fiscal year 1980, and although the most recent enrollment and current expenditure data is used for each of those years, the 50 States show decreases in 1980 for the following two reasons:

-- As noted in #4 above, the base for calculation of the one percent for Outlying Areas grants in 1979 will exclude the requested supplemental, and thus less funds will be taken from the total amount available to local education agencies in the States in 1979 than in 1980 in order to fund the Outlying Areas.

-- In 1980 the $3,200,000 for the Migrant Student Record Transfer System is being allocated directly for that purpose rather than being first allocated to the States and then set aside from those State allocations. Therefore, comparably speaking, there is no reduction, since the 1979 amounts would ultimately be reduced in aggregate by the same amount of $3,200,000.

Note: Detail within the above notes is slightly different from that indicated in the Title I narrative, because the above tables are based upon the most recent actual data which is available State by State, as opposed to the use in the narrative of anticipated national totals, for which there is no State by State data. The national figures thus do not lend themselves to incorporation in these tables. Even the most recent actual figures will be subject to revision prior to obligational availability of these funds.

Elementary and Secondary Education

Title 1, Grants for Disadvantaged

Grants for Local Educational Agencies in Counties with Especially High Concentrations of Children from Low-income Families

State or Outlying Areas	1978 Advance for 1979	1979 Advance for 1980[1]	1980 Advance for 1981[2]
TOTAL	---	$258,000,000	$400,000,000
Alabama	---	6,482,921	9,869,827
Alaska	---	651,401	1,009,925
Arizona	---	2,754,071	4,192,893
Arkansas	---	3,153,096	4,800,383
California	---	31,726,994	48,302,287
Colorado	---	1,207,336	1,838,091
Connecticut	---	2,639,776	4,018,887
Delaware	---	651,401	1,009,925
Florida	---	8,135,535	12,385,824
Georgia	---	5,863,645	8,927,019
Hawaii	---	1,210,181	1,842,422
Idaho	---	651,401	1,009,925
Illinois	---	13,149,140	20,018,711
Indiana	---	1,465,395	2,230,968
Iowa	---	651,401	1,009,925
Kansas	---	651,401	1,009,925
Kentucky	---	4,198,529	6,391,987
Louisiana	---	7,914,956	12,050,007
Maine	---	651,401	1,009,925
Maryland	---	4,183,733	6,369,462
Massachusetts	---	6,162,536	9,382,062
Michigan	---	11,247,486	17,123,566
Minnesota	---	1,350,719	2,056,382
Mississippi	---	6,651,208	10,126,032
Missouri	---	3,630,577	5,527,318
Montana	---	651,401	1,009,925
Nebraska	---	651,401	1,009,925
Nevada	---	651,401	1,009,925
New Hampshire	---	651,401	1,009,925
New Jersey	---	6,933,032	10,555,090
New Mexico	---	1,732,307	2,637,325
New York	---	37,224,605	56,672,041
North Carolina	---	5,405,024	8,228,797
North Dakota	---	651,401	1,009,925
Ohio	---	6,200,261	9,439,494
Oklahoma	---	2,079,262	3,165,540
Oregon	---	924,367	1,407,289
Pennsylvania	---	11,026,525	16,787,169
Rhode Island	---	802,103	1,221,150
South Carolina	---	4,337,962	6,604,265

State or Outlying Areas	1978 Advance for 1979	1979 Advance for 1980 1/	1980 Advance for 1981 2/
South Dakota	---	651,401	1,009,925
Tennessee	---	5,443,675	8,287,641
Texas	---	17,032,994	25,931,626
Utah	---	651,401	1,009,925
Vermont	---	651,401	1,009,925
Virginia	---	3,457,083	5,263,186
Washington	---	2,012,713	3,064,225
West Virginia	---	1,644,817	2,504,127
Wisconsin	---	2,152,609	3,277,208
Wyoming	---	651,401	1,009,925
District of Columbia	---	2,507,359	3,817,29[illegible]
Puerto Rico	---	12,894,428	26,533,510

1/ Total appropriation $258,000,000; Section 117: $252,916,260; State Administration set-aside (Section 194): $3,793,715; Evaluation set-aside (Section 183): $1,290,000; undistributed: $25. Pursuant to Section 197, the amount by which the allocation to Puerto Rico exceeds 150 percent of its previous year's allocation, estimated to be $4,219,685, has been made available for redistribution to other States. Pursuant to proposed appropriation language, this redistribution is under Section 117, within the above amounts, rather than under Section 111 as provided under the authorizing legislation.

2/ Total appropriation $400,000,000; Section 117: $392,118,227; State Administration set-aside (Section 194): $5,881,751; Evaluation set-aside (Section 183): $2,000,000; undistributed: $22.

Elementary and Secondary Education
Title IV, Part C, Improvement in Local Educational Practice
(formerly Educational Innovation and Support)

State or Outlying Areas	Actual 1978 Advance for 1979 and Estimated 1979 Advance for 1980 1/			1980 Advance for 1981 5/
		Comparable Amount Used for:		
	State Allocation 2/	Improvement in Local Educational Practice 3/	Strengthening State Educational Management 4/	
	$197,400,000	$146,051,629	$50,850,000	$146,400,000
Alabama	3,245,026	2,333,169	911,857	2,345,986
Alaska	840,537	399,166	441,371	399,166
Arizona	1,991,519	1,319,389	672,130	1,335,879
Arkansas	1,829,993	1,141,047	688,946	1,160,694
California	17,816,121	14,423,433	3,392,688	14,423,433
Colorado	2,221,452	1,478,900	742,552	1,496,743
Connecticut	2,655,359	1,830,252	825,107	1,846,791
Delaware	986,657	510,488	476,169	510,488
Florida	6,375,086	5,040,584	1,334,502	5,040,584
Georgia	4,472,573	3,373,887	1,098,686	3,379,433
Hawaii	1,120,125	612,474	507,651	612,474
Idaho	1,101,332	594,443	506,889	594,443
Illinois	9,709,119	7,763,487	1,945,632	7,763,487
Indiana	4,721,050	3,535,519	1,185,531	3,543,351
Iowa	2,521,849	1,703,836	818,013	1,722,180
Kansas	2,006,697	1,282,689	724,008	1,296,297
Kentucky	2,989,133	2,129,831	859,302	2,143,120
Louisiana	3,701,184	2,764,123	937,061	2,770,848
Maine	1,260,105	712,475	547,630	713,936
Maryland	3,671,516	2,687,716	983,800	2,698,546
Massachusetts	4,910,188	3,743,673	1,166,515	3,746,720
Michigan	8,325,810	6,537,033	1,788,777	6,537,033
Minnesota	3,586,218	2,603,409	982,809	2,615,663
Mississippi	2,251,121	1,516,487	734,634	1,533,202
Missouri	4,008,998	2,938,865	1,070,133	2,950,376
Montana	1,090,050	586,640	503,410	586,640
Nebraska	1,551,741	945,742	605,999	952,103
Nevada	947,174	475,441	471,733	475,441
New Hampshire	1,088,720	593,454	495,266	593,454
New Jersey	6,293,497	4,919,724	1,373,773	4,919,724
New Mexico	1,331,560	764,079	567,481	772,756
New York	15,027,253	12,290,563	2,736,690	12,290,563
North Carolina	4,695,090	3,533,337	1,161,753	3,539,803
North Dakota	1,034,899	549,248	485,651	549,248
Ohio	9,356,802	7,388,429	1,968,373	7,388,429
Oklahoma	2,265,956	1,472,980	792,976	1,493,906
Oregon	1,918,024	1,215,733	702,291	1,235,788
Pennsylvania	9,735,079	7,769,004	1,966,075	7,769,004
Rhode Island	1,190,463	673,711	516,752	673,711
South Carolina	2,581,187	1,781,632	799,555	1,797,517

State or Outlying Areas	Actual 1978 Advance for 1979 and Estimated 1979 Advance for 1980 1/			1980 Advance for 1981 5/
		Comparable Amount Used for:		
	State Allocation 2/	Improvement in Local Educational Practice 3/	Strengthening State Educational Management 4/	
South Dakota	$ 1,067,905	$ 570,756	$ 497,149	$ 570,756
Tennessee	3,589,926	2,614,631	975,295	2,626,244
Texas	11,151,765	8,950,860	2,200,905	8,950,860
Utah	1,354,337	773,761	580,576	783,667
Vermont	915,881	458,200	457,681	458,200
Virginia	4,346,481	3,256,632	1,089,849	3,263,718
Washington	3,092,974	2,175,586	917,388	2,191,501
West Virginia	1,704,292	1,053,907	650,385	1,062,709
Wisconsin	4,161,051	3,122,362	1,038,689	3,128,788
Wyoming	853,161	407,230	445,931	407,230
District of Columbia	1,060,411	571,430	488,981	571,430
Puerto Rico	3,219,066	2,603,091	615,975	2,603,091
American Samoa	215,168	122,670	92,498	122,670
Northern Marianas	55,296	55,296	---	55,296
Guam	389,502	284,832	104,670	286,513
Virgin Islands	362,386	265,292	97,094	267,214
Trust Territory	393,446	286,683	106,763	288,835
Bureau of Indian Affairs	542,318	542,318	---	542,318
Undistributed	498,371	498,371		

1/ Because the 1978 and 1979 appropriations are identical at $190 million plus $7.4 million for hold harmless purposes, and because the most recent population and enrollment data currently available is that used for distribution of the fiscal year 1978 appropriation, the tables are identical for both years at this point in time. As more recent data becomes available, the 1979 allocation will be finalized and may be slightly different.

2/ Distribution of $190,000,000, with one percent ($1,881,188) of the 50 States, D.C., and Puerto Rico amount reserved for the outlying areas and BIA, and distributed to those areas on the basis of the Fall, 1976, elementary and secondary public and non-public total enrollment for those areas; and the remainder distributed on the basis of the 5-17 population, July 1, 1976, for the 50 States, D.C. and Puerto Rico. Additional amount added by the Congress to insure that no State would receive less than it received in the previous year. The 1979 actual allocation may require the use of additional hold harmless funds, currently shown as undistributed.

3/ Total allocations less the total of fiscal year 1973 allotments under P.L. 89-10, Title V, Parts A and B.

4/ Fiscal year 1973 allotments for ESEA Title V, which have been the customary amount which States have reserved for this activity, pursuant to ESEA Section 403(a)(8)(C) prior to the 1978 Amendments and ESEA Section 404(a)(9) in the 1978 Amendments.

3/ Fiscal year 1978 and 1979 "comparable amount" (Column 2) plus distribution of additional amount available ($348,371) to those States which, under a pure application of the Title IV-C formula at a level of $146.4 million, would have received more than their fiscal year 1978 and 1979 "comparable amount." The total excludes $51,000,000 which will be allocated under the authority of Title V-B, Strengthening State Educational Management.

TUESDAY, MARCH 27, 1979.

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

WITNESSES

THOMAS MINTER, DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION

HERMAN R. GOLDBERG, ACTING ASSOCIATE COMMISSIONER, STATE AND LOCAL EDUCATIONAL PROGRAMS

WILLIAM L. STORMER, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE

WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

Mr. NATCHER. The committee will come to order.

We take up at this time School Assistance in Federally Affected Areas. We have before the committee Mr. Thomas Minter, the Deputy Commissioner for Elementary and Secondary Education, along with Dr. Berry and others, who will justify this request for the committee.

I believe you have a statement, Mr. Minter, which we will place in the record in its entirety at this point. If you would, please, just highlight this for us.

[The statement follows:]

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DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
Office of Education

Biographical Sketch

NAME : Thomas K. Minter

POSITION : Deputy Commissioner for Elementary and
Secondary Education, U.S. Office of Education

BIRTHPLACE
AND DATE : Bronx, New York - June 28, 1924

EDUCATION : B.S., New York University, 1949
M.A., New York University, 1950
S.M.M., Union Theological Seminary, New York, 1950
Ed.D., Harvard University, 1971

EXPERIENCE :

Present : Deputy Commissioner
Bureau of Elementary & Secondary Education
U.S. Office of Education

7/75-4/77 : Superintendent of Schools, Wilmington, Delaware

1/72-6/75 : Superintendent, District Seven, Philadelphia, Pa.

6/70-1/72 : Director, Pennsylvania Advancement School,
Philadelphia, Pa.

7/68-6/70 : Administrative Assistant to Superintendent,
District Seven, Philadelphia, Pennsylvania

9/67-6/69 : Administrative Assistant to Director of Field Services
Boston, Massachusetts

Summer of
1967 : Consultant, Office of Educational Liaison
Human Resources Administration, New York

Spring of
1967 : Research Assistant, Special Projects & Coordinator
Title II Program, Office of Superintendent, Medford, Mass.

1959-1966 : Teacher & Acting Chairman, Music Department
Benjamin Franklin High School, East Harlem, N.Y.

1955-1959 : Teacher of Choral and General Music
James Otis Junior High School, East Harlem, N.Y.

1949-1953 : Instructor, Choral & Instrumental Music
Maryland State Teachers College, Bowie, Maryland

ADDITIONAL EXPERIENCE: Consultant to Superintendent of Schools, Portland, Oregon

Tri-Community Desegregation Problem Clinic, Englewood, New Jersey

Consultant to University of Pittsburgh Learning Research and Development Center

Carter/Mondale Transition Planning Group-Education Washington, D.C., December 1976

PUBLICATIONS: Intermediate School 201, Manhattan: Center of Controversy. Cambridge Publications Office, Harvard Graduate School of Education, 1967

A Study of the New York City Board of Education Demonstration Projects: IS 201, Two Bridges Ocean Hill-Brownsville. Cambridge, October 10, 1967

The Role of Conflict in the Development Operation of Two New York City Decentralized School Projects August 1968

Statement, pages 28-36, inc., in Covering the Desegregation Story: Current Experiences and Issues

Article: "How Does A District Mobilize for Desegregation?" in School Desegregation: Making It Work, Robert L. Green, ed., College of Urban Development, Michigan State University, East Lansing, Mich.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by Deputy Commissioner for Elementary and Secondary Education

on

School Assistance in Federally Affected Areas

Mr. Chairman and Members of the Committee:

I welcome this opportunity to appear before you on the School Assistance in Federally Affected Areas appropriation. We are requesting $528 million in fiscal year 1980, a reduction of $288.1 million below the 1979 level. The request includes $495 million for Maintenance and Operations, and $33 million for Construction. We believe in a time of budget austerity, scarce education dollars would be better spent on programs that target Federal funds more effectively on educational needs. Consequently, we wish to reduce spending for those activities which are less essential and concentrate our efforts elsewhere in the budget, for example, by expanding Title I of the Elementary and Secondary Education Act.

Maintenance and Operations

In fiscal year 1980, the major emphasis of the budget will be to compensate those school districts which are significantly impacted by the Federal government in that they have a number of children whose parents both live and work on Federal property. This policy recognizes the loss to a local community of both a residential and industrial tax base to support the educational needs of these children, most of whom live on military bases with parents in the Uniformed Services or live on

Indian lands. For these "A" children, we are requesting $399 million which will provide payments through the second payment tier. This amount provides for the expanded eligibility of heavily impacted Super "A" districts and increased entitlement for children living on Indian lands, two provisions that were added by the Education Amendments of 1978.

We are requesting $70 million to provide the full cost of educating children who reside on Federal property in States where, due to State law or for other reasons, local school districts are unable to provide suitable free public education for such children (Section 6). Almost all of these children live on military bases.

An additional $14 million is requested to make payments through the second payment tier under minor provisions of the law, Section 2--Federal acquisition of real property--and Section 3(e)--adjustments for decreases in Federal activities.

Under this proposal, we expect to fund approximately 2,100 eligible Section 2 and 3 districts claiming approximately 355,000 children.

Finally, an amount of $12 million is requested for major disaster payments in anticipation of disaster claims in fiscal year 1980.

We do not propose to compensate school districts for "B" children in 1980. Most of these children live on private property in the community and their parents pay local property taxes which support the school system. Some of these children are associated with low-rent housing projects which we do not believe constitute a Federally imposed burden. For those few low-rent housing "A" children, we are requesting that

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payments be limited to the amount paid in 1979. To prevent further inequities, funds are not being requested for any of the hold-harmless provisions.

Construction

In fiscal year 1980, we are requesting $33 million for the Impact Aid construction program. These funds will enable us to provide construction assistance for unhoused children.

Significant emphasis is placed on the construction of school facilities for children residing on Indian lands, with a request for $17 million, and on school construction which local educational agencies cannot provide for children residing on certain Federal properties, with a request for $13 million.

The balance of the request, $3 million, is for schools on local property heavily impacted with Federally-connected children.

It is estimated that the budget request will provide approximately 11 facilities to house 5,900 children.

I will be happy to answer any questions you may have.

BUDGET REQUEST

Dr. MINTER. Yes, Mr. Chairman, I would like to make a few comments. Our total request is in the amount of $528 million. This is a reduction of $288.1 million below the 1979 level. However, this includes $495 million for maintenance and operations and $33 million for construction. A rationale for the reduction is that in a time of budget austerity we believe scarce education dollars should be targeted upon educational needs. Therefore, elsewhere in this budget we have expanded Title I of the Elementary and Secondary Act.

For maintenance and operations, Public Law 81-874, for 1980, we propose to compensate those school districts in which there are a number of children whose parents both live and work on Federal property. Most of these A children and their parents live on military bases or on Indian lands. For these A children we are requesting $399 million. This will provide payments through the second tier and for super A districts made up mainly of children on Indian lands and military bases. This request also funds the expanded eligibility for heavily impacted districts and the increased entitlement for children on Indian lands as provided by the Education Amendments of 1978.

We are also asking $70 million which is the full cost of educating children residing on certain Federal property. These are the Section 6 schools mostly on military bases where local school districts are unable to provide suitable free public education. We are also requesting $14 million for special sections to compensate for a decrease in Federal children and also for property that has been taken off the tax rolls.

Finally, we are requesting $12 million for major disasters. We do not, Mr. Chairman, propose to compensate B children.

Under construction, Public Law 81-815, we are requesting a total of $33 million. Under Section 5 of this act we are requesting $3 million to go to local school systems that are associated with military bases. Under Section 10, we are requesting $13 million primarily for military installations and facilities on such installations that are owned by the Federal Government. For Section 14, $17 million, which will be distributed by grants to LEAs serving mainly children who are residing on Indian lands.

This concludes my summary, Mr. Chairman, and my colleagues and I will be happy to answer your questions.

Mr. NATCHER. Thank you, Mr. Minter.

"B" CATEGORY CHILDREN

Mr. Minter, I was late attending our regular hearing this morning due to the fact that I had to attend another meeting pertaining to certain Army matters. During this meeting the question of category B payments was brought up. One of the members of the meeting presented to me a letter that carries about 100 signatures of members in the House complaining that impact aid insofar as category B is concerned is completely omitted in the budget for 1980 for the Department of Health, Education, and Welfare.

This has disturbed a great many members in the House, and I know it has in the Senate. I just brought this letter along with me from the other meeting. I know that you would be interested in seeing the list of the members in the House that are very much concerned about it.

As you recall, last year we had to restore a little over $400 million in the bill. It was sent to us because we knew at that time, the same as we know this morning, the House will not accept an appropriation bill for the Department of Labor and for the Department of Health, Education, and Welfare that completely omits category B impact aid.

The thing that I do not understand, Dr. Berry, when they agree to reauthorize these programs such as elementary and secondary education, which they did last year, and as you know impact aid is a part of the overall education legislation, why they would agree to authorize the expenditure of the funding from category A and category B and then present a budget within a matter of months that completely omits category B.

I know that as far as some in the Administration are concerned, they are not in favor of category B. But it is a part of the law, reauthorized in the calendar year of 1978, and here we are again with no money in the budget for category B children. This, to me, is a serious mistake. As I have explained to the Secretary and others, it places our committee in a vulnerable position when we are trying to hold the line as far as the budget is concerned.

You heard me say, Dr. Berry, this bill has been vetoed 7 times since 1969. My friend Bob Michel and I do not want this bill vetoed this year, and the same applies to the other members on my left and on my right. We want to bring out a bill that the House and Senate will accept and one that President Carter will sign. But this is not a step in the right direction when you come in and completely drop out $320 million.

Why wouldn't you put in $100 million or $150 million or $200 million, to give us something to work with, Mr. Minter, instead of completely omitting category B? The track record for 10 years is enough to warn and to indicate that the House and the Senate will not accept it. You know it is not acceptable to them.

It is just a matter of saying we are not going to accept it. You build up a large military reservation, you have 8 or 10 or 15 counties involved, you dump all these children into a school system in a county that is having difficulty with education costs and say to them, "Take the children." People in this country will not accept it, and I think the budget is a serious mistake.

As I pointed out, the basic law for impact aid was amended last year.

EDUCATION AMENDMENTS OF 1978

For the record, list the major changes that affect budget requirements for the program. What were the changes now, if you would, Mr. Minter, you or your associates?

Dr. MINTER. The major changes for the program are budgetarily that the A children will receive an increase of $56 million. This is a figure that includes increases for inflation, for children who are in the super A category, and for children residing on Indian lands.

Under special provisions, we are holding constant there. These are the monies for payments to districts that have had a partial loss of tax base or substantial pupil loss. In payments to Federal agencies, which are Section 6 schools, we have requested an increase of $6.5 million. Some of the hold-harmless provisions, as you know, Mr. Chairman, were eliminated by the Education Amendments while another hold harmless was included. We do not propose to fund the hold harmless provisions and have reduced the budget there by $33.6 million.

For disaster assistance we are requesting, as in the past, the same amount, $12 million.

I might also mention that the Indian entitlement has been increased by 25 percent in 1980, which means a total amount of 125 percent to assist children on Indian lands to receive a better basic education.

Dr. **Berry.** Mr. Chairman, the changes in the legislation which increase the cost of the program—I will list quickly—public housing payments provided in tier 2 and not used for Title I projects; and the definition of a heavily impacted district has been expanded. All of these increase costs. There is a repeal of the absorption provision, increased payment for Indian children, a new hold-harmless provision and payments for children whose parents live in embassies or on property owned by foreign governments. The legislation does reduce the requirements for 100 percent funding of tier 2 to 65 percent.

"B" PAYMENTS

If I may also, Mr. Chairman, respond to your general question as to why we are recommending a decrease in the B payments despite the fact we keep marching up the Hill with impact aid and marching down the Hill with our heads bloodied and bowed, we did that because we thought that was a responsible approach to budget constraints. It would have cost us another $543 million to completely fund these payments and in view of our needs to target some more funds on the concentration provision in Title I, which will give more money to some of the districts that will be losing money for the B children, this is why we proposed the reductions. We certainly urge that the committee and the Congress go along with them this time.

LOW-RENT HOUSING

Mr. **Natcher.** Dr. Berry, as you well know, public housing was given a much more favorable position in the reauthorization last year than it had occupied up to that time. The Mayor of New York City will appear before this committee next month when the witnesses from the outside appear to testify to the committee showing the effect on New York City as far as the public housing part of category A and category B are concerned.

What is wrong with category B?

Dr. **Berry.** We would just remind New York City, Mr. Chairman, that they will receive much more in terms of increased funding for their poorest children under concentration than they ever would have imagined, and that while there is a reduction in B payments, the fact it does not have to be used for Title I-type payments now means they are probably better off getting the funding under concentration. We have numbers that we can submit on how much more they will be getting under the concentration proposal.

"B" PAYMENTS

Mr. **Natcher**. Since you presented to us a budget that completely omits payments in the category B level, why are you against including any money in this bill for category B? Why did you completely omit it? We are going to have to answer that question. Why did you omit it?

Dr. **Minter**. One of our reasons, Mr. Chairman, is that parents in category B do pay local and State taxes, so we felt that States and localities are receiving tax relief from these parents.

Mr. **Natcher**. That is the same argument that we have heard all down through the years. It did not originate last year in 1978. You know, you build these large military reservations all around the country and you have a parent who lives in a rented home, who pays no taxes, who works on a military reservation, he has 5 children in the local school system, the school district just can't absorb all these children without additional financing.

Dr. **Berry**. We came up last year with what was I guess a more reasonable proposal. The short answer to why we came up with this proposal this year is budget constraints, fiscal constraints with the amount of money that we were targeted to use in this budget and the other requirements. That is the shortest answer we can give you, Mr. Chairman.

Mr. **Natcher**. As you people well know, around military bases we have a lot of category B children. These districts have a limited local tax base. You can check that and you will find it to be true. Won't your budget proposal force them to close some schools or sharply curtail their education program?

Dr. **Minter**. We would hope not, Mr. Chairman, but that might happen, yes.

Mr. **Natcher**. It not only might, but will.

Mr. **Dingeldein**. Mr. Chairman, let me just add that when you look at the impact of the reduction of $320 million you find that it is spread very lightly throughout the country, for the most part. There are only a small percentage of districts that are really heavily impacted and would receive a significant reduction in the payments. For the most part, the impact aid B payment reductions would constitute somewhere in the range of 1 to 2 percent of the school's operating budget.

Mr. **Natcher**. Do you happen to know the situation concerning Bellevue, Nebraska?

Mr. **Dingeldein**. Yes.

Mr. **Natcher**. They will lose $300,000. You check it. I think you will find that to be true That is a small district. $300,000. Tell us about that one.

Mr. **Dingeldein**. Mr. Chairman, that is one of the more heavily impacted districts. But for the most part, when you look at the 4,000-some districts that are receiving impact aid funds, the vast majority of those districts are lightly impacted. There are very few Bellevue school districts in the country.

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Mr. **Natcher**. What about Grand Forks, North Dakota; you say there are very few. I can name some more. What about Grand Forks?

Dr. **Minter**. According to our figures, the State of North Dakota will achieve a minor increase in impact aid. It is one of the few States that do.

Mr. **Natcher**. You say a minor increase?

Dr. **Minter**. A small increase. It will receive this year in the 1979 appropriation, $6.6 million and in 1980 the estimate is $7.1 million. That, of course, does not help to solve the problem of your locality, but I think that with a different distribution there might be some relief for that small city.

Mr. **Natcher**. Going back, Dr. Minter and Dr. Berry, it places us in a position on our committee where we are vulnerable. We try our best to hold the line in the whole bill. You have $320 million cut out here. Any part of that cut that is put back, all or any part of it, carries this bill out of balance with the budget or else we are going to have to take it from other sources. Sometimes I wonder whether we are qualified to take this money out of other sources and put it back where you omit it. It puts us in a right bad position.

Mr. Michel, I yield to you.

Mr. **Michel**. Thank you, Mr. Chairman.

MILITARY PROPERTIES

Dr. Berry and Dr. Minter, I take a little different position on this. I can remember when this program began 29 years ago and I was just an assistant at that time but I remember the superintendent of schools coming down from Rantoul Air Base in Illinois, and the case that was made in those early days for military bases was very justified.

You cannot argue with the chairman's line of questioning when it comes to military and air bases. But we let this thing go far beyond that so that now we are even in public housing. Our agricultural laboratory in Peoria is covered. We are glad to have it, because it attracts top scientists. But then, lo and behold, the school district is supposed to get a little extra money because we have people who just happen to work for the Federal Government, who are very affluent, paying taxes. That's nonsense. I agree with you on that one.

How many military bases are actually involved in these school districts that are affected? I hate to play with these phony figures, but how can we get back to doing what is right? I would hate to think that the only way to do it is say: Let's hold every one of these districts harmless now and give everybody else a bonanza because these other districts that are not affected have to raise their real estate taxes to compensate for it.

It is a subsidizing of people's real estate taxes. They ought to be paying for kids' education, but we are not making that point, or the Department is not making that point well enough. That is the only way we are going to get this thing changed.

Right now it is just one of those things. You have a little impact in your district? It means cutting out $10; shoot, they will vote against it. It is nonsensical. I would like to help you with your arguments, but I have to have the information to do that.

In my opinion, the only justification for impact aid is military bases and none other. Every other member of Congress is bidding for everything—he may even be bidding for a military base in his district. One of the reasons might be he can get some other free money for his educational processes.

Dr. MINTER. We will supply that for the record, Mr. Michel.

[The information follows:]

The following table shows the number of military bases that are claimed in each State under the impact aid program:

Alabama	35
Alaska	49
Arizona	21
Arkansas	14
California	217
Colorado	12
Connecticut	23
Delaware	4
District of Columbia	13
Florida	71
Georgia	37
Hawaii	61
Idaho	9
Illinois	34
Indiana	12
Iowa	7
Kansas	22
Kentucky	15
Louisiana	14
Maine	30
Maryland	61
Massachusetts	63
Michigan	33
Minnesota	22
Mississippi	13
Missouri	33
Montana	12
Nebraska	8
Nevada	9
New Hampshire	9
New Jersey	36
New Mexico	13
New York	84
North Carolina	37
North Dakota	12
Ohio	41
Oklahoma	27
Oregon	13
Pennsylvania	48
Rhode Island	22
South Carolina	24
South Dakota	6
Tennessee	24
Texas	68
Utah	22
Vermont	3
Virginia	79
Washington	75
West Virginia	12
Wisconsin	16
Wyoming	4
Guam	12
Puerto Rico	21
Virgin Islands	1
Total	1,663

In addition, a number of ships are homeported in 13 States and the category "Uniformed Services" is claimed in all States.

IMPACT AID DISTRICTS

Mr. **Michel**. How many school districts do we have totally?

Mr. **Dingeldein**. About 4,300.

Mr. **Michel**. 4,300 in impacted aid?

Dr. **Minter**. 15,354 totally, of which 4,300 get impact aid.

APPROPRIATIONS LANGUAGE

Mr. **Michel**. Have your lawyers given you any opinion as to whether we can legally do what we are requesting without being subject to a point of order on the House floor?

Mr. **Dingeldein**. We do not have an opinion on that, Mr. Michel. We are submitting legislation, however, in conjunction with the budget which would go to the authorizing committees.

Mr. **Michel**. Has that been submitted?

Mr. **Dingeldein**. No. It should be up any day now.

Mr. **Michel**. Do you have any idea what attitude the Labor and Health, Education, and Welfare Subcommittee will have when you present that legislation?

Dr. **Berry**. It is hard to say, Mr. Michel.

Mr. **Michel**. Are you going to make a good, vigorous case or are you just going to submit it like, "Well, I will go through the motions"?

Dr. **Berry**. We always try to submit good, vigorous cases.

Mr. **Michel**. You are going to defend that position vigorously?

Dr. **Berry**. Certainly, Mr. Michel.

Mr. **Michel**. If we were to approve just a portion of your recommended reduction—the chairman mentioned $100 million or $200 million or $250 million—with no bill language included, how would the money be allocated?

Mr. **Stormer**. In terms of the authorizing statute?

Mr. **Michel**. If we provide something but obviously less than full authorization, how would you allocate what sums we might appropriate, whether it is $100 million or $150 million or $2 million?

Mr. **Stormer**. Without special language the appropriation would have to follow the authorizing statute, amended by the Education Amendments of 1978. In essence, you would fund tier 1, then 65 percent of tier 2 which, in combination, would range in terms of percentage of full entitlement from 43 to 47 percent for B's generally and from 65 to 73 percent for the A category.

If money were made available in excess of 65 percent of the second tier, then the new hold harmless under Section 5(e) would provide up to 90 percent of the amounts of money the school districts received for the preceding year. Then we would reach the second tier portion, 35 percent that remained unfunded. This funding order is rather specific in the authorizing legislation unless appropriation language specifically alters it.

Mr. **Michel**. Then what would happen if we did not put any language in?

Mr. **Stormer**. You would have to fall back on the authorizing statute.

Ms. **Beebe**. Essentially, Mr. Michel, without appropriation language and an amount sufficient to fund 65 percent of tier 2, we would not even be able to spend the amount of the Administration's request, and those amounts would fall out according to tier 1 as follows: for A children, $104.7 million. For B children, $230.1 million. For special provisions, $13.2 million. For hold harmless, B, $8.3 million. For hold harmless, C, $37.8 million. For a total of $394.1 million.

Then we would fully fund the Federal agencies at $70 million, disasters at $12 million, for a total of $476.1 million. That is what we could fund, using the existing statute. So you have to either have appropriation language or legislative change.

Mr. Michel. I understand.

Ms. Beebe. We will provide this to you, if you would like.

LOW-RENT HOUSING

Mr. Michel. How much of category A will go for public housing children?

Mr. Stormer. $1.6 million. In our request we limit the payment for low-rent housing to the level of 1979.

Mr. Michel. How do you distinguish between A and B for public housing children?

Mr. Stormer. An A public housing child, or any other A child, is a child who resides on Federal property with a parent employed on Federal property or in the uniformed services. The B category child either resides on, or the parent is employed on Federal property or is in the uniformed services. You have a double connection for the A and a single connection for the B.

Mr. Michel. If we were to fund categories A and B at the basic levels we have been doing in previous years, how much would go for public housing children?

Mr. Stormer. If you funded fully through the second tier, you would have approximately $206 million going to low-rent housing. If you restrained that to 65 percent of the second tier, that would be $162 million.

Mr. Dingeldein. You would need a language change because that is one of the changes that was made in the authorizing statute, that unless you do something in the appropriation law, you are now going to be funding public housing in the second tier. That is a basic change that occurred last year.

Dr. Berry. It was an amendment to the authorizing legislation.

Mr. Michel. What was that figure again for public housing in the 1979 appropriation?

Mr. Stormer. Approximately $70 million. That was because the language in 1979 restricted payments for low-rent housing children to 25 percent of entitlement.

Mr. Michel. So in order to hold at least that line or to come down, then we have to have language that limits it with whatever percentage the Congress would see fit.

Does that authorizing legislation inhibit our selection of a percent on those public housing allocations? Are we bound by 25 percent?

Mr. Stormer. Twenty-five percent was the authorizing statute up through 1979.

The Education Amendments of 1978 removed the prohibition that we could not spend into the second tier, and authorized spending of the full percentage attributable either to the A or B category low-rent housing children in the second tier. Then you have those 3 subportions of the second tier, 65%, 90%, of prior year and the remaining 35% portion.

FORWARD FUNDING

Mr. **Michel**. The impact aid program is forward funded, is it not?

Dr. **Minter**. No, it is not.

Mr. **Michel**. With what we gave you last year, was that enough to fully fund tier 2?

Mr. **Stormer**. Yes, sir, it is more than enough. Last year you may recall we had an absorption factor that came into being in 1978 for the first time and then it was repealed by the 1978 amendments. And in 1979 "B" payments were restricted to the 1978 levels.

MAJOR DISASTERS

Mr. **Michel**. What is the basis for that $12 million for major disasters?

Mr. **Stormer**. That is strictly a figure that is drawn out of past experience. It is the average amount over a period of roughly 8 to 10 years that we have been forced to expend for major disaster assistance. This is the second year where we have asked for the money to be specifically appropriated for major disaster assistance. Prior to that, we used to absorb it within the appropriation.

SUPER "A" DISTRICTS

Mr. **Michel**. You have made reference to super A districts. What are those?

Mr. **Stormer**. Super A is a district which has 20 percent of its total average attendance in A category children.

Mr. **Michel**. So we have to assume those that are just A category have less than 20 percent of students in that classification?

Mr. **Stormer**. This is a change from prior years where it used to be a 25-percent figure to qualify as a super A.

Mr. **Michel**. How many districts are in that super A category?

Mr. **Stormer**. 315.

Mr. **Michel**. Would those be predominantly around military bases?

Mr. **Stormer**. They are going to be split. They are going to be school systems serving military and children on Indian lands. I think the first handful are primarily school systems serving the children residing on Indian lands. It would be a combination of the two.

Mr. **Natcher**. Mr. Patten.

IMPACT AID INCREASES

Mr. **Patten**. Mr. Chairman, listening to this budget request is almost an exercise in futility. I voted against impact aid in 1963, 1964, in almost every year. I think it is inequitable. If we are going to have Federal aid to education, it ought to be kept in the right section. During the war, in areas, it was justified, as Mr. Michel and as the chairman have stated. But in 1970 you had half as much money and we had 6 million in the military along with the civilian employees.

We had 3 million in the Army and 3 million civilians. Today we do not have 890,000 in the Army.

When they ask you, why do you leave out B, you can answer it the way I do, as inequitable. But the realists here have pointed out we get on the floor and we have 300-some votes just as sure as the Sun came up this morning. So I am sick and tired of fighting it. But this is where we find ourselves.

But on the merits, it would seem to me you are re-pressing for $800-some million when so many facilities have been phased out. Camp Kilmer is closed, Camp Monmouth used to have 40,000 and now they are down to 1200. Raritan Arsenal is closed. There must be 400-some facilities closed since 1970, and they still want to close Camp Dix. We spent time Thursday with the Pentagon. They get impact aid.

On the merits I do not know how this stays up so high in the light of the workforce in the Army having decreased so tremendously. I know when it goes on the floor we cannot hold it, we cannot hold your budget.

Mr. **Dingeldein**. The reason the appropriation is going up is because so many of the payments are now made on the basis of civilian employees and not military employees. Your point is correct that if we were making payments simply on the basis of military employees and families the appropriation would not be so high.

Mr. **Patten**. It is a little far fetched when you look at some of the suburbs here. I see the money they get under impact aid because their father works in the Pentagon—I cannot follow that—or Prince Georges County, Maryland, or in Montgomery County, or the others. But we are wasting our time, I think, based on previous experience on the floor. It is hard to fight it.

Mr. **Stormer**. May I expand a little? As far as A category children, they remained fairly constant in numbers during the period from 1970 to the present time.

Mr. **Patten**. Hasn't birth rate been cut in half?

Mr. **Stormer**. In the military and those children residing on Indian lands, the numbers have remained about the same. The biggest growth in the program has been a combination of two things: one has been the increased authorization to include low-rent housing children, which commenced about 1976. Additionally, the increase or expansion in some definitions of what is eligible Federal property has increased the numbers under the B category.

Additionally, there have been some reforms made. One is that the surrounding metropolitan districts are being held harmless for changes that occurred in 1976. The B category child whose parents work across the State line is no longer an eligible child but is held harmless, which is a slowly decreasing situation.

Additionally, the local contribution rate has certainly been affected by inflation since 1970.

Ms. **Beebe**. You might be interested in the fact that even in our low budget, $31 million of our increase is solely due to legislative changes which expand the eligibility.

Mr. **Patten**. You are asking for more money for new buildings. In the district here they say they can eliminate 41 schools. I have one town with 8 kindergartens, and in September they will have three.

STATE BUDGET SURPLUSES

Dr. **Berry**. Mr. Patten, if I may say on these B requests, a number of States that are getting reductions have surpluses in their State budgets and they have surpluses and they are redistributing funds back to taxpayers and the like, and they are some of the same States where people are complaining about getting the Federal budget into balance.

Mr. **Patten**. Look at Maryland.

Dr. **Berry**. Right. There is an incongruity in demanding that the Federal budget be balanced and then requesting this aid.

Mr. **Natcher**. Mr. Early, I yield to you.

STATE BUDGET SURPLUSES

Mr. **Early**. Referring, Doctor, to that B surplus, how many States have a surplus?

Dr. **Berry**. I was referring to the State of Maryland in the comments that I was making. I do not know the exact number. I know a number do. We will put that in the record.

Mr. **Early**. Will you supply that with the chairman's permission.

[The information follows:]

We have heard of surpluses in California, Maryland, Texas, Washington and Wisconsin.

DISASTER ASSISTANCE

Mr. **Early**. On that pinpointed disaster, how do we get the $12 million?

Dr. **Minter**. We are not requesting funds for pinpoint disasters, Mr. Early. That was rescinded. We are requesting $12 million for major disasters.

Mr. **Early**. I see. So that $12 million is for disasters?

Dr. **Minter**. Yes, sir.

Mr. **Early**. I have no further questions, Mr. Chairman.

HEAVILY IMPACTED DISTRICTS

Mr. **Natcher**. Will you explain how the current law deals with heavily impacted school districts? I believe the legal citation is Section 3(d)(2)(B). It covers both A and B, but those districts that are heavily impacted. Has that section of the law ever been funded?

Mr. **Stormer**. Mr. Natcher, yes. That is a provision to allow us to increase the rate of payments to school districts which are heavily impacted and where it is necessary that a greater rate of payment be made in order for them to balance the budget or to operate an educational program comparable to other school districts in the State.

Normally speaking, what we would look to is the amount of money that the school system is able to raise from local taxes, the amount of money the school district receives from the State, and the amount of money we would be able to pay if we established a normal rate and adjust that rate in order to assure a balanced budget and equal educational opportunities being provided.

Mr. **Natcher**. What is the estimated cost of funding that section in 1980?

Mr. **Stormer**. We do not have a figure at this point.

Mr. **Natcher**. If you would submit that in the record, we would appreciate it.

Mr. **Stormer**. It would be very, very rough.

Mr. **Natcher**. Just give us your best estimate.

Mr. **Stormer**. We will give you what we can.

Mr. **Natcher**. All right.

[The information follows:]

At this time, we estimate that Section 3(d)(2)(B) will require $500,000 in 1980.

Mr. **Natcher**. Can you tell us about how many school districts are eligible for Section 3(d)(2)(B)? How many would be eligible under this provision of the law?

Mr. **Stormer**. You are presuming the 1980 budget request?

Mr. **Natcher**. Assuming that we funded the 1980 budget request, how many school districts would be eligible under this particular provision of the law that we have just discussed?

Mr. **Stormer**. It will be a very rough figure.

Mr. **Natcher**. All right.

[The information follows:]

In recent years, only one or two school districts each year have qualified for Section 3(d)(2)(B). With the newly expanded eligibility, perhaps one or two more may qualify in 1980.

IMPACT AID DISTRICTS

Mr. **Natcher**. Can you tell us how many of the 435 congressional districts are involved with impact aid?

Mr. **Stormer**. Approximately 427.

Mr. **Natcher**. For the record, give the name and amount for the 10 school districts which would lose the most under your proposed budget. If you would, insert that in the record, please.

[The information follows:]

The ten school districts which we believe would lose the most are:

District	Millions[1]	Percent[2]
New York City	$18.0	0.99
Fairfax County, Va	9.1	3.64
Prince George's County, Md	6.4	2.45
Montgomery County, Md	4.5	1.73
San Diego, Calif	3.7	2.03
Puerto Rico	3.6	.63
Virginia Beach, Va	3.4	5.50
Chicago, Ill	3.3	.33
District of Columbia	3.3	1.32
Hawaii	3.2	1.17

[1] Estimated reduction in 1980 vs. 1979.

[2] Estimated 1979 "B" and held harmless payments of 1979 estimated total current expenditures.

APPROPRIATIONS LANGUAGE

Mr. **Natcher**. Included with the budget proposal are 4 separate appropriation language provisions. Is it absolutely essential to include these provisions in the bill?

Mr. **Stormer**. Yes, sir.

ALTERNATIVE FUNDING CONSIDERATIONS

Mr. **Natcher**. In developing the budget for impact aid, what other alternatives were considered to reduce the program? What other proposals did you have in mind now in developing your budget for impact aid?

Mr. **Stormer**. A number of considerations, all of them principally having to do with the B catetgory children. They were examined by those in position of developing the budget, particularly consideration to funding the budget in accordance with the authorization statute. One of the problems that was inherent was that the school districts serving the A category children would have only received 73 or 74 percent of the amount of money they would be normally entitled in terms of the A category pupils.

The conclusion was it was better to fully fund the A category children through the second tier paying 100 percent for those children heavily impacted, for the Indians, and 90 percent for those which were lesser impacted, and take the cuts at the B level.

TIER PAYMENT SYSTEM

Mr. **Natcher**. Is there a way to reduce the program on a more gradual basis without amending the basic law?

Mr. **Stormer**. Principally, you are going to have to amend the authorization in order to achieve significant reductions in the program.

Mr. **Natcher**. How much would be required in 1980 to fund Tier I of the basic law? Can you give us some idea about how much would be required?

Ms. **Beebe**. For Tier I in total, according to the total basic statute, $394.1 million, plus $70 million for Section 6 and $12 million for major disasters.

Mr. **Natcher**. In order to fund Tier II, how much additional would be required?

Mr. **Stormer**. Which portion of Tier II, sir, the 65 percent, the 90 percent hold-harmless or full Tier II?

Mr. **Natcher**. Give us for each one.

Mr. **Stormer**. Sixty-five percent of the Tier II would be $823.4 million. To bring it at the 90 percent level it would be $835 million, and to fully fund Tier II would be $1,038.5 million.

Mr. **Natcher**. If you will, for the record, insert a table showing by section of law the amount required to fund Tier I, then show the amounts required to fund each of the two levels under Tier II, and include an estimate for public housing payments in each case.

[The information follows:]

The following amounts are estimated to be required in 1980 for payments:

	Millions
Tier 1:	
"A" children (sec. 3(a))	$104.7
"B" children (sec. 3(b))	230.1

Tier 1:	*Millions*
Special provisions (sec. 2 & 3(e))	13.2
Other Federal agencies (sec. 6)	70.0
Hold harmless provisions (sec. 305(B)(C))	46.1
Disaster assistance (sec. 7)	12.0
Total	476.1

Total includes $89.2 for low-rent housing children under sec. 3(a) and 3(b).

Tiers 1 and 2(A):	*Millions*
"A" children (sec. 3(a))	296.0
"B" children (sec. 3(b))	419.4
Special provisions (sec. 2 & 3(e))	13.7
Other Federal agencies (sec. 6)	70.0
Hold harmless provisions (sec. 305(B)(C))	12.3
Disaster assistance (sec. 7)	12.0
Total	823.4

Total includes $162 for low-rent housing children under sec. 3(a) and 3(b).

Tiers 1 and 2:	*Millions*
Payments for "A" children (sec. 3(a))	403.0
Payments for "B" children (sec. 3(b))	532.0
Special provisions (sec. 2 & 3(e))	14.0
Payments to other Federal agencies (sec. 6)	70.0
Hold harmless provisions (sec. 305(B)(C))	7.5
Disaster assistance (sec. 7)	12.0
Total	1,038.5

Total includes $205.6 for low-rent housing children under sec. 3(a) and 3(b).

PAYMENTS IN LIEU OF TAXES

Mr. **Natcher**. Do you consider impact aid to be a payment in lieu of taxes?

Mr. **Stormer**. When we are talking totally about impact aid, it's a combination, sir, of a payment in lieu of taxes and it's also a payment to assure that the Federally connected children are receiving the same educational benefits as all other children within a school district.

It's a combination of both.

Mr. **Natcher**. Have you considered changing the law to transfer impact aid to the Treasury Department to administer as a program of payments in lieu of taxes?

Mr. **Stormer**. Not completely. At one time there had been a discussion of making payments in lieu of taxes, and maybe Mr. Dingeldein can back me up on this. If I remember correctly the discussions in that vein, the total cost of providing a similar program would almost double or triple the amount of money that would be paid under impact aid.

Is that correct?

Mr. **Dingeldein**. That's right; it would be a very expensive proposition.

Dr. **Berry**. And we have not, in fact, considered it since we have been here at all as a possibility.

DISASTER ASSISTANCE

Mr. **Natcher**. All right. The budget request includes $12 million for Disaster Assistance. What is the status of the authorization for this program?

Ms. **Beebe**. It is not currently authorized.

Mr. **Natcher**. Is the Administration recommending extension of authorization without change?

Ms. **Beebe**. Yes; we are.

CONSTRUCTION ASSISTANCE

Mr. **Natcher**. Now, under Construction, last year a budget amendment of $29 million was submitted concerning impact aid construction. That request came too late for the consideration of our committee.

What is the present status of that request?

Dr. **Minter**. We have not resubmitted that request, Mr. Chairman, because of budget constraints.

Mr. **Natcher**. What are your present plans for dealing with the problem of Federally owned school facilities?

Dr. **Minter**. We plan to spend $13 million in that section and we plan to upgrade several of the projects.

I will ask Mr. Stormer to be more specific about that.

Mr. **Stormer**. We are currently obligating or committing funds. They are not obligated until the contracts are executed. We are committing funds to remove the life safety hazards that exist in the Federally owned buildings and also to remove any architectural barriers that exist to the handicapped and this will take, we anticipate, until June of 1980, to have our facilities accessible to the handicapped and the life safety hazards that exist in present buildings removed.

It may not take care of certain situations where we are having overcrowding or children housed in temporary facilities.

Mr. **Natcher**. The budget request for 1980 is $33 million. Tell us generally how you plan to use this amount?

Mr. **Stormer**. Well, primarily, the $33 million is broken into three sections; $3 million for section 5, which are grants to local educational agencies which are primarily serving the military installations; $13 million under section 10, and this will go toward meeting the life safety objective and the removal of architectural barriers objective; and $17 million will be grants to local educational agencies serving children residing on Indian lands.

Mr. **Natcher**. Is it enough to take care of the more serious facility requirements in local school districts?

Mr. **Stormer**. It will take care of only the most extremely critical situations that exist.

Mr. **Natcher**. What other Federal funds are available for construction assistance to local schools?

Mr. **Stormer**. None within the Office of Education specifically oriented towards school construction. There are some limited public works funds under the Economic Development Assistance Act. There are, I believe, some grants being made available through the Energy Department. But these are particularly oriented towards those kinds of activities.

Mr. **Natcher**. Mr. Michel, any other questions?

Mr. **Michel**. Just a couple, Mr. Chairman.

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IMPACT AID PAYMENTS

What is the smallest impact aid payment to a school district?

Mr. **Stormer**. I don't have a specific number.

Mr. **Michel**. Can you give me a ball park figure?

Mr. **Stormer**. I would guess it would be about $1,000 or $2,000.

Mr. **Michel**. And that would make up what percentage of that school district's budget?

Mr. **Stormer**. I don't know.

Mr. **Michel**. I wonder if we could have placed in the record a table that would show the number of districts, for example, receiving—if you say it's as low as $1,000, that boggles the mind, too—so I was going to start out at something like $25,000 or $50,000, but if there are those under a thousand, why don't we have how many are getting less than $5,000.

Mr. **Stormer**. I think we have——

Mr. **Michel**. Or something like $25,000 or $50,000, something like that, and then what percent of that school's budget is this impact aid payment?

Out of 4,365 districts which received Impact Aid payments in fiscal year 1978: 399 districts received less than a $5,000 payment; 2,039 districts received less than a $25,000 payment; and 2,833 districts received less than a $50,000 payment.

In 78 percent of the 2,833 districts which received Impact Aid payments of $50,000 or less in 1978, those payments represented less than 2 percent of their total operating expenditures for that year.

I would like to make a start here. Perhaps we could take a transition period and say that no school district as of this year who receives an impact aid allocation that makes up less than a percent or two or some arbitrary figure of their budget would be funded. That may not cover all of the inequities, because, as Mr. Patten said, these two neighboring counties here are getting so terribly much, but at least it's one angle or one way of trying to get at this thing.

Ms. **Beebe**. Mr. Michel, in our proposal before you now, for over 90 percent of the B districts that would lose payments, such payments represent 2.5 percent or less of their total current expenditures. In other words, the impact on their total budget is less than 2.5 percent for 90 percent of those B payment districts.

Dr. **Berry**. And also, Mr. Dingeldein.

Mr. **Dingeldein**. Mr. Michel, another way of looking at it, if you required every district receiving impact aid funds to absorb an amount equivalent to 1 percent of their budget, it would only be necessary to make payments of about $94 million to about 1,200 districts. I mean, those are the only ones that would not be able to absorb the reductions within 1 percent.

COMPARATIVE TAX STUDY

Mr. **Michel**. A few years ago I think I asked whether or not we had made any studies on comparative tax rates and the relationship with these impact aid payments.

Has anything more been done on that at all? We say in one breath it's payments in lieu of taxes. Why? In the case of military bases, we don't need justification for that, in my judgment. But then again to have a district fail to assess their real estate taxes commensurate with what the rest of us have to do around the country sometimes and have the Federal Government coming and subsidizing those property owners, I just don't buy that.

Mr. **Dingeldein**. Well, there have been some studies done in the past trying to arrive at some notion of net burden. I am just not sure. It has been a very difficult thing to try to come up with.

Mr. **Michel**. Well, I appreciate that.

Dr. **Berry**. Mr. Michel, the amendments of 1978 require us to establish a ten-member Presidential Commission to study impact aid and precisely the kinds of questions you are raising, and there is supposed to be a report to the President and Congress by December 1, which will look at all of these issues.

Mr. **Michel**. I won't take any more time, Mr. Chairman.

Thank you.

Mr. **Natcher**. All right.

DISASTER ASSISTANCE

Mr. Early, any additional questions?

Mr. **Early**. Just one question, Mr. Chairman, on the $12 million for major disaster; how was that number arrived at?

Mr. **Stormer**. It's an average of several years. I think the figure is 8 or 10 years.

Ms. **Beebe**. Yes.

Mr. **Stormer**. And it's the average annual, if you take a 10-year span. That varies from year to year, as I think the highest period of time was in 1972–1973 during Hurricane Agnes, when we paid out something in the neighborhood of $25 million to $30 million in that year, to a lower figure. So $12 million is I believe strictly a 10-year average.

Mr. **Early**. We appropriated $12 million last year, as I recall.

Mr. **Stormer**. Yes, sir.

Mr. **Early**. How much of that is unobligated or unspent?

Mr. **Stormer**. At the present time the figure is partially obligated. One of our problems is that we do not know the actual costs of disasters until the costs of repairs, replacement, restoration have been paid off, and it usually takes a year or two before you have the final costs.

Mr. **Early**. So this $12 million we are speaking of in this budget is for anticipated disasters?

Mr. **Stormer**. That is correct.

Mr. **Early**. None of it would be used to pay back bills?

Mr. **Stormer**. Back bills? No, it would be anticipated. At the present time I think we have four major disasters already declared, and $1.5 million obligated towards disasters that have occurred in 1979, and we have several that are potentially pending.

Mr. **Early**. Fine.

With the Chair's permission, will you supply for the record where the $12 million was spent last year, please?

Thank you, Mr. Chairman.

[The information follows:]

The following list represents the obligations against fiscal year 1978 appropriations as of March 1979. This list includes both obligations against which final payments have been made and obligations which represent preliminary estimates.

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Because of this latter situation, an additional $4.5 million has been obligated in anticipation of final estimates far in excess of initial estimates.

State	Number of claims	Approximate amount
Arizona	2	$24,000
Arkansas	3	247,000
California	103	2,419,000
Georgia	1	10,000
Indiana	1	6,000
Kansas	2	10,000
Louisiana	5	702,000
Maine	2	5,000
Massachusetts	35	2,496,000
Minnesota	11	374,000
Missouri	5	179,000
Nebraska	5	29,000
North Carolina	11	649,000
Tennessee	3	30,000
Texas	4	65,000
Virginia	3	117,000
Washington	5	107,000
Wisconsin	5	48,000
Eighteen States	206	$7,517,000

Mr. NATCHER. All right.

We want to thank you for appearing before our committee on behalf of the Impact Aid Program for fiscal year 1980.

[The following questions were submitted to be answered for the record:]

PAYMENTS FOR "A" CHILDREN

Mr. CONTE. You are asking for a $56 million increase for category "A" students in fiscal year 1979. Why will the cost of educating these students have leapt so dramatically in one year?

Dr. MINTER. The largest increase, $36 million, occurs in the category of children who reside on Indian lands. The 1978 amendments increased their entitlements by one-fourth and then made these increased entitlements (125 percent) payable in full in the second payment tier. Other increases are due to changing the determination of "Super A" school districts from 25 percent ("A" children to total children) to 20 percent, and to increasing costs of education in general.

PAYMENTS FOR "B" CHILDREN

Mr. CONTE. There are surely areas that receive category "B" funds that have a dubious claim to being federally impacted. Are there not also other parts of the country that have a defensible claim to being impacted? If so, can you name a few of these areas?

Dr. MINTER. Of 3,859 school districts that claim "B" children, 232 have a number of "B" children that equal 25 percent or more of their total numbers of children. To name a few:

Daleville City Board of Education, Alabama.
Hydaburg City School District, Alaska.
Sierra Vista Elementary School District, Arizona.
Trinity Center School District, California.
Hardin County Board of Education, Kentucky.
Kittery School Department, Maine.
Long Beach Municipal School District, Mississippi.
Bunker School District, Missouri.
Trego Elementary School District, Montana.
Papillion School District, Nebraska.
West New York Board of Education, New Jersey.

Los Alamos Independent School District, New Mexico.
Highland Falls—Fort Montgomery, New York.
Onslow County Board of Education, North Carolina.
Emerado School District, North Dakota.
Beavercreek Local School District, Ohio.
Newport School System, Rhode Island.
Dorchester County School District, South Carolina.
Oak Ridge Public Schools, Tennessee.
Copperas Cove Independent School District, Texas.
Glenwood Central School District, Washington.
Jeffery City School District, Wyoming.

Effect of Budget on School District

Mr. Conte. My home state of Massachusetts now has the highest property taxes in the country, and one of the reasons for this is that property taxes pay for so much of the cost of education. Now in this year when local school budgets are tightest, you are proposing to cut out category B funds, which states have grown used to. How do you expect states to pick up the slack in these programs?

Dr. Minter. Certainly we are aware of the financial straits of many school districts these days due to a variety of reasons. but these reasons rarely include a burden due to Federal activities. Many of our applicant school districts, even with "B" payments, receive less than 1 percent from impact aid payments. Dealing with limited funds, it seemed wiser to provide those funds within the Title I program for the disadvantaged.

Appropriations Language

Mr. Conte. As the law is written now, is it even legal for you to propose zero-funding for all category B funds? It is my understanding that it is not. If not, why are you proposing "illegal" cut backs?

Dr. Minter. The law was pretty much the same in this respect even in 1979. In that year, appropriation language placed limitations on "B" payments even though the limitations were contrary to the basic law. Thus, there is precedence for funding the program in a way that differs from the basic law.

Disaster Assistance

Mr. Conte. Of the 12 million appropriated for disaster claims last year, how much money was spent? Which area or areas of the country received the most money?

Dr. Minter. Thus far in fiscal year 1979, we have received 22 major disaster claims from four States with estimated obligations totalling $1,537,738. Final costs for these claims will not be available for several months.

State	Number of claims	Estimated obligations
Arizona	6	$102,089
Kentucky	10	944,783
Louisiana	1	164,150
West Virginia	5	326,716
Totals (4)	22	1,537,738

Mr. Conte. You ask for $33 million for construction. What kinds of projects will receive top priority this year for funding?

Dr. Minter. The money requested will serve only the most severe and critical school facility problems. Funding priority will continue to direct funds to alleviate the facility deficiencies on Federal installations, Section 10, to provide urgently needed minimum school facilities for children residing on Indian lands, Section 14, and provide such facilities for children associated primarily with military bases, Section 5.

Mr. Conte. Are there many high priority projects that you feel ought to be funded but cannot be due to lack of funds? What are a few of these?

Dr. Minter. Section 10: Yes, there are high priority projects which will not be funded due to lack of funds. After funding the first priority group of projects (emergency repairs for children's safety; Section 504 handicapped access and life and fire safety requirements) there will be sufficient funds remaining from the fiscal year 1979 appropriation for only one project in the new second priority (upgrading and new construction to meet life safety and handicapped access standards). The ramaining 16 projects on 13 installations in the second priority group will require an estimated $86 million (in current dollars) to eliminate potentially hazardous conditions. Those projects will provide facilities for children who are currently attending classes in temporary wooden barracks, abandoned hospitals, other makeshift facilities which were not intended to be used for school purposes.

Section 14: According to the current priority index listing of unfunded projects for facilities to house children residing on Indian lands, the highest priority projects, after exhausting fiscal year 79 funds, are to provide elementary or secondary school facilities where none currently exist, to replace makeshift, inadequate facilities which of necessity are being used for classroom purposes, and to supplement minimal existing facilities which are grossly overcrowded.

CONSTRUCTION BACKLOG

Mr. **CONTE**. You state that you have applications for construction aid amounting to $110 million. If my memory serves me, that is a significant drop in the amount of total claims that you cited last year, is it not? How do you account for this drop?

Dr. **MINTER**. The $110 million represented the funding need for only those applications determined to be eligible under Section 5 of Public Law 81-815. There are unfunded backlogs in Section 10 and Section 14 as well. The prior year estimates to which you refer were probably overall total estimates which included the needs under all three sections of the Act.

CONSTRUCTION OF INDIAN SCHOOLS

Mr. **CONTE**. Are the monies you spend on Indian education and construction sufficient to improve a situation which you yourself last year termed "educationally deplorable"? What progress has been made since last year in improving this program?

Dr. **MINTER**. The money we have spent on Indian education has made a very small impact on the total situation insofar as applications for school construction projects are concerned. As a matter of fact, we will fund only three to four new projects with our fiscal year 79 appropriation. The balance of the funding will go to projects which had been approved earlier but were beset with rapidly increasing construction costs for labor and materials plus legal requirements for contracting. Because our priority system is based on numbers of children residing on Federal property; i.e., Indian lands and the number of unhoused children, we pay first attention to the provision of urgently needed minimum school facilities. This generally means the construction of new or replacement facilities. Correction of life safety hazards in existing facilities is a responsibility of the local education agency. Program Officers are becoming increasingly aware of life safety conditions in existing buildings. When such conditions are serious enough such buildings are declared structurally and/or educationally obsolete by local and State officials and are considered abandoned. In those cases the pupils in those buildings are considered unhoused and the priority index is recomputed in accordance with those findings.

EFFECT OF BUDGET ON SCHOOL DISTRICT

Mr. **STOKES**. Do you have a feeling for how school districts will adjust to the proposed reductions in impact aid; what sort of programs are likely to be cut back?

Dr. **MINTER**. Over 90 percent of the districts affected by our proposal to eliminate payments for "B" children and the hold harmless provisions rely on these funds for less than 2.5 percent of their total current expenditures. We therefore expect that most school districts will be able to absorb these reductions without too much difficulty. Further, declining enrollments should help to some extent in reducing budgetary needs without cutting back programs.

If cuts are necessary, I cannot be sure which programs will be cut. Some school districts will have access to other resources to prevent major program cut backs.

Mr. **STOKES**. Can you provide a list of the 50 school districts who would lose the most in impact aid for "B" children in 1980?

Dr. **MINTER**. The following 50 schools districts would likely lose the most for "B" children in 1980; the amounts shown are their 1979 payments for "B" children.

1979 estimated "B" payments of schools districts

	Millions
New York City School District, N.Y	$18.2
Fairfax Co. School Board, Va	8.3
San Diego Unif. School District, Calif	4.3
Hawaii State Department of Education, Hawaii	4.0
Puerto Rico State Department of Education	3.6
District of Columbia Public School	3.4
Chicago Public School No. 299, Ill	3.3
Virginia Beach City School Board, Va	3.3
Montgomery County Board of Education, Md	3.0
Prince Georges County Board of Education, Md	2.9
City of Philadelphia School District, Pa	2.9
Anne Arundel County Board of Education, Md	2.4
Los Angeles Univ. School District, Calif	2.2
Greater Anchorage Area Borough, Alaska	2.2
Cumberland County Board of Education, N.C	2.1
Norfolk City School Board, Va	2.1
Brevard County School Board, Fla	1.8
Baltimore City Public School, Md	1.6
Charleston County School District, S.C	1.6
Northside Independent School District, Tex	1.5
Davis County School District, Utah	1.5
Huntsville City Schools, Ala	1.5
Duval County School Board, Fla	1.5
Albuquerque School District No. 12, N. Mex	1.5
Oakland Unif. School District, Calif	1.5
El Paso Independent School District, Tex	1.5
Clark County School District, Nev	1.4
Okaloosa County School Board, Fla	1.4
Hampton City School Board, Va	1.4
Lawton Independent School District No. 8, Okla	1.4
Prince William County School Board, Va	1.4
Colorado Springs School District, No. 11, Colo	1.3
Escambia School Board, Fla	1.3
Denver School District, No. 1, Colo	1.3
Baltimore County Board of Education, Md	1.3
San Antonio Independent School District, Tex	1.2
Weber School District, Utah	1.2
Muscogee County School District, Ga	1.1
Atlanta Public School System, Ga	1.1
Orleans Parish School Board, La	1.1
Chesapeake City School Board, Va	1.1
Harford County Board of Education, Md	1.1
Houston County Board of Education, Ga	1.1
Hillsborough County School Board, Fla	1.0
Newport News City School Board, Va	1.0
Killeen Independent School District, Tex	1.0
North East Independent School District, Tex	1.0
Chula Vista City School District, Calif	1.0
Onslow County Board of Education, N.C	1.0
City of Bellevue School District, Neb	1.0

Mr. Stokes. What proportion of all "B" children reside in low/rent housing projects?

Dr. Minter. Of 2,009,058 total "B" children, 710,409 or 35.4 percent reside in low-rent housing. An additional 5,763 (additional 0.3 percent) "B" children have parents employed on low-rent housing property. (There are 5,482 "A" children who reside in low-rent housing and have a parent employed on Federal property and 876 "A" children who reside in low-rent housing and have a parent in the Uniformed Services.)

Construction

Mr. Stokes. In what areas would the 11 facilities expected to be funded by fiscal year 1980 impact aid construction program be located?

Dr. **Minter**. It is difficult to identify specific locations for these projects for serveral reasons. Under Section 14, for example, new applications could be submitted for fiscal year 1980 that might supersede applications presently on the list. With the exception of grants under Section 5, which are fixed, we often have to increase the amounts of previously funded projects due to the drastic rises in labor and construction costs exceeding the original estimates. Therefore, much of the funding in a given year which might otherwise be used for new projects has to be directed to those previously funded projects. The figure of 11 facilities is an estimate based on past experience when it was easier to project and live up to the estimated costs.

EFFECT OF BUDGET ON SCHOOL DISTRICT

Mr. **Roybal**. Have you made any efforts to determine what alternative and feasable sources of money wuld be available to local schools districts to make up for the sudden and drastic cuts in federal aid?

Dr. **Minter**. For many of them there would be no drastic cuts considering the small percentage of their budgets that the "B" payment represents. For others, it would be drastic, and they are more likely to have to curtail some programs or make up the difference by increasing local revenues, or from State revenues if available to them.

"B" CHILDREN

Mr. **Roybal**. You indicate in your justification that the parents of 3(b) children contribute to local revenues through the payment of property and/or other local taxes and therefore these children do not represent a significant Federal burden on the community. What studies have you conducted which make you believe that?

Dr. **Minter**. The majority of 3(b) children are in this category because their parents are employed on Federal property. Thus, the majority of 3(b) children live in private residences which generate local property taxes payable directly by the homeowner and indirectly by the renter. Other 3(b) children are in this category because they live in low-rent public housing. While these units are tax-exempt, they are generally owned by State or local authorities and thus do not represent a burden caused by Federal ownership.

Mr. **Roybal**. How many school districts currently receiving funds would be eliminated if your budget cuts are implemented, and could you provide a chart indicating how many districts would be eliminated in each state?

Dr. **Minter**. There would be 2,334 school districts eliminated. The number of districts eliminated in each State is as follows:

State:	*Districts*
Alabama	68
Alaska	2
Arizona	20
Arkansas	52
California	221
Colorado	43
Connecticut	22
Delaware	4
Florida	13
Georgia	51
Hawaii	—
Idaho	29
Illinois	124
Indiana	34
Iowa	27
Kansas	53
Kentucky	50
Louisiana	14
Maine	41
Maryland	5
Massachusetts	86
Michigan	32
Minnesota	14
Mississippi	35
Missouri	96
Montana	30
Nebraska	9
Nevada	—

State:	Districts
New Hampshire	41
New Jersey	143
New Mexico	20
New York	119
North Carolina	36
North Dakota	25
Ohio	96
Oklahoma	85
Oregon	39
Pennsylvania	91
Rhode Island	17
South Carolina	19
South Dakota	13
Tennessee	70
Texas	201
Utah	16
Vermont	12
Virginia	39
Washington	53
West Virginia	4
Wisconsin	14
Wyoming	5
District of Columbia	—
Guam	—
Puerto Rico	1
Virgin Islands	—
Total	2,334

Mr. **Roybal**. This is not the first time this administration has attempted to cut off funds for the 3(b) children. In view of the recent successful State referenda to limit property taxes isn't this a particularly inappropriate time to be cutting out Federal funds for education?

Dr. **Minter**. There is no appropriate time for suggesting a redirection of Federal funding. However, in view of the necessity of disbursing limited Federal resources to programs considered to be of more importance to the improvement of education we must recommend this action. Increases in local and/or State financial support or adjustments in educational services will be required.

Low-Rent Housing Children

Mr. **Roybal**. You have indicated in your justificatin that funds would contine to be provided through the second payment tier for children whose parents live and work on Federal property, with the exception that payments for low-rent housing children under this category would be limited to the fiscal year 1979 total level. How many low-rent housing children are currently covered by this program and what percentage are minority children?

Dr. **Minter**. In 1978, the latest year for which data from all applications have been totalled, there were 723,000 low-rent housing children in average daily attendance claimed. No data are available on the percentage that are minority children.

Mr. **Roybal**. Is the number of low-rent housing children covered by this program expected to remain the same in 1980 as it was in 1979? If not, what do you project the changes to be?

Dr. **Minter**. At this time, our estimates assume that the number will remain the same.

Mr. **Roybal**. Can you provide us with a list of those school districts which would lose the most amount of money by that limitation?

Dr. **Minter**. The following school districts will lose the most due to limiting the payment for "A" low-rent housing children to the 1979 amount:

New York City, District of Columbia, Norfolk, Virginia, Anne Arundel County, Md., Boston, Mass., Atlanta, Ga., Hawaii, Newark, N.J., Los Angeles, Calif., Baltimore City, Md.

Construction Backlog

Mr. **Roybal**. Two years ago, in response to a question by Mr. Natcher this subcommittee was informed that it would require $843 million to clear the backlog of unfunded cases. This year in your justification you indicate as of the beginning of 1980 projects amounting to $180,000,000 would require funding. Can you explain this?

Dr. **Minter**. The information that it would require $843 million to clear the backlog of unfunded projects was based on the total number of eligible applications we had had on file for several years. The amount of dollars indicated was based upon the requests stated by the applicants and included all applications determined at the time of processing as eligible under Sections 5, 9, 10, and 14 of P.L. 81-815.

In the past year we have been examining those applications and have purged many because they are no longer eligible for funding due to declines in Federally connected pupils. This process is continuing and we should be able to eliminate some other applications. The $180 million referred to was an amount estimated in 1976 dollars to fund the Section 10 applications. However, in terms of current dollars, this figure approaches $244 million due to rapidly rising costs for labor and materials. The most up-to-date estimates of construction assistance under Sections 5 and 14 are $112 and $240 million respectively, or a total of about $532 million.

Mr. **Roybal**. Can you give us the amount and number of unfunded applications in each of the Sections 5, 10, and 14?

Dr. **Minter**. The current priority listings reflect the following:

Section 5—$112 million representing approximately 320 applications.

Section 10—$244 million (current dollars) representing approximately 127 applications.

Section 14—$240 million representing approximately 120 applications.

CONSTRUCTION OF INDIAN SCHOOLS

Mr. **Roybal**. With regard to the construction of facilities for children residing on Indian land: You indicate that many of these schools present life safety hazards as well as being disruptive to educational productivity. Can you discuss some examples of just how bad these conditions are?

Dr. **Minter**. The following conditions exist in the Menominee Wisconsin school district which is coterminous with the restored Menominee Indian Reservation:

Neopit Elementary School has been declared by the HEW Regional Office of Facilities Engineering and Construction, Region V, to be not suitable for school purposes even though it continues to be used by 200 pupils in grades 1-6. It is obsolete educationally, is a woodframe building that cannot meet current construction specifications. The boiler room is located underneath two classrooms and the boiler itself is in need of replacement. The building is not at all suitable for the physically handicapped nor would it be justifiable to try to make it so. Several rooms have been added on to the building and rooms are continuously being divided up to provide space for more needed activities.

The building at Kashena was originally designed to accommodate grades K-5 but is being used by pupils in grades 2-12. The capacity of the building is 250 pupils, but 520 pupils are presently enrolled. There is a 14' x 70' metal trailer currently being used for the high school Industrial Arts shop. There are also eight temporary classrooms being used by elementary grades. Rooms are being rented from the local parochial school for classrooms, graphic arts and the central administration. Facilities for art, music and physical education are lacking. There is no first aid station. Two guidance counselors are located in one room, measuring 6' x 8' with a curtain as a divider. The school faces the loss of it accreditation because of the lack of physical education facilities.

Facility conditions are quite similar in the schools at Red Lake Independent School District No 38 in Red Lake, Michigan. The Ponemah Elementary School is a woodframe building, entirely combustible. The building is elevated about three feet on a concrete foundation, making it inaccessible to the handicapped. The gymnasium, very poorly lighted, serves also as a lunchroom. The floor is warped and buckled in spots. The stage opening has been boarded up and the former stage area made into a library. The nurse's room is located in the former girls' locker room in a subground area beneath the former stage area. The cafeteria kitchen is located across the corridor from the gym with the serving line in the corridor. About 175 meals are served here each day. There is a small room for dry storage that also houses the school's home size refrigerator. Sugar and flour are stored in 25-gallon garbage cans.

It has been recommended that this building be abandoned and replaced, as well as the original portion of the high school building. The high school building has had several additions to it, most of which are at different levels. It is not accessible to the handicapped. The boiler room is at the basement level underneath a classroom. The dining room is in the sub-basement with the kitchen which is small and crowded. The dishwashing machine is located in the dining room because there is no room in the kitchen for it. Most of the classrooms in this portion of the building have been converted from time to time and are at different floor levels. Generally speaking, all of the classrooms are much too small for the purpose they should be serving and are ill-equipped. This is due to lack of space to set up the equipment.

Mr. **Roybal.** Can you provide us with the variables you take into consideration in assigning priorities to construction needs?

Dr. **Minter.** The priority index of an application is a precise computation which combines two percentage factors: (1) percentage of the total membership in the school district as of the end of the application period which is Federally connected and countable for payment; and (2) the percentage of the total school district membership as of the end of the application period which is without minimum school facilities.

Variables which may affect the priority index of one applicant's needs as compared with the need of another applicant include: The rate of growth in Federal membership, the proportionate changes in Federal membership and total membership, changes in category of Federal impact which occur subsequent to prior eligible applications, State standards for rating capacity of existing facilities, and the extent of prior Public Law 815 entitlements (which may affect both the number of Federally connected children currently eligible for payment and the number of unhoused children).

Also there may be a significant variation between the tentative priority (which is based on the applicant's preliminary estimates of membership anticipated as of the end of the application period, and the applicant's initial assessment of facilities in use at the time the application is filed) and the firm priority (which is based on membership data that has been verified, and capacity ratings which are adjusted, if necessary, to exclude temporary or other facilities included in the application but which are found to be substandard during the on-site review).

Mr. **Roybal.** Will the money you request cover the correction of all the life safety hazards known to exist at these schools? If not, what sort of program plan do you have to eventually repair these defects and how long will it take?

Dr. **Minter.** No, it will not. The basic premise of Public Law 81-815 is to provide financial assistance for constructing urgently needed minimum school facilities in school districts having a substantial membership increase due to new or increased Federal activities. When funds available for any fiscal year will not be sufficient to pay in full the maximum allowance to all eligible school districts, the act requires that the Commissioner shall establish a priority listing for the approval of those applications, based on relative urgency of need. Projects are arranged in order from the highest to the lowest index number.

Since our priority system is based on the numbers of children residing on Indian lands and the numbers of unhoused children we pay first attention to the provision of urgently needed minimum school facilities. Where permanent school facilities exist and have an extended useful life, correction of life safety hazards in these buildings is, we believe a responsibility of the local educational agency.

ASBESTOS

Mr. **Roybal.** You have indicated that the correction of the asbestos problem will be considered as a life safety factor. Have you identified all of the schools in which asbestos was used in the construction? In how many schools does asbestos currently present a life safety factor? How many children are enrolled in those schools? Will the funds you have requested cover the correction of all of the "asbestos problems" known to you?

Dr. **Minter.** As yet, we have not identified school buildings constructed under Section 10 of Public Law 81-815 in which asbestos may have been used. However, the majority of those buildings are of single story masonry contruction and little if any asbestos was used. That fact notwithstanding, we will survey all of them to identify those which may need correction.

We are engaged in a massive effort to incorporate both the Section 504 architectural barriers requirements, making all of the Section 10 buildings accessible to the handicapped, and life and fire safety standards in accordance with Code 101 of the National Fire Protection Association. As an addendum to these projects, we will incorporate surveys of the federally-owned school buildings to determine the presence, if any, and the extent of asbestos conditions and what it would cost to overcome them.

In an in-depth survey of the Section 10 schools which was completed two years ago, there was a total of 71,000 pupils attending these schools. The funds requested for Section 10 will not be sufficient to cover all the life safety problems. As soon as we can identify the extent of the asbestos problem in the Section 10 schools, we will be able to estimate the funding requirements for this particular aspect of the life safety problem.

[The justification submitted by the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

School Assistance in Federally Affected Areas

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Appropriation Estimate

School Assistance in Federally Affected Areas

For carrying out title I of the Act of September 30, 1950, as amended (20 U.S.C., ch. 13), [$786,100,000] *$495,000,000* of which [$63,500,000] *$70,000,000* shall be for payments under section 6, and [$710,600,000] *$413,000,000* shall be for payments under sections 2 and 3 in accordance with section 5(c)(1) and (2) of said Act, and $12,000,000 shall be for payments under section 7 of said Act: [*Provided*, That the total amount paid with respect to entitlements under section 3(b) of that title shall not exceed the amount paid under that section in fiscal year 1978, and any reductions required thereby shall be derived by proportionately reducing the payments applied for by all local educational agencies under section 3(b)]: *Provided, That notwithstanding the provisions of section 5(c), no local educational agency shall be entitled to payments with respect to children described in section 3(b) of said Act*[1]*: Provided further, That the total amount paid with respect to entitlements under section 3(a) attributable to children who reside on, or reside with parents employed on, property which is described in section 403(1)(C) of said Act shall not exceed the amounts paid under that section in fiscal year 1979, and any reductions required thereby shall be derived by proportionately reducing the payments attributable to children who reside on, or reside with parents employed on, property which is described in section 403(1)(C) applied for by all local educational agencies under section 3(a)*[2]*: Provided further, That none of the amounts so appropriated shall be available for payments under section 5(e)*[3]*: Provided further, That none of the amounts so appropriated shall be available for payments under the second paragraph (2) of section 305(a) of the Education Amendments of 1974.*[4]

For carrying out the Act of September 23, 1950, as amended (20 U.S.C., ch. 19), [$30,000,000] *$33,000,000*, which shall remain available until expended, shall be for providing school facilities as authorized by said Act: *Provided*, That with the exception of up to $13,000,000 for section 10 and up to [$16,000,000] *$17,000,000* for section 14 none of the funds contained herein for providing school facilities shall be available to pay for any other section of the Act of September 23, 1950, until payment has been made of 100 per centum of the amounts payable under section 5:

Provided further, That, notwithstanding section 421A(c)(2)(A) of the General Education Provisions Act, the Commissioner of Education is authorized to approve applications for funds to increase school facilities in communities located near the Trident Support Site, Bangor, Washington, on such terms and conditions as he may reasonably require without regard to any provision in law.

Explanation of Language Changes

1/ This provision proposes to eliminate payments for 3(b) category children, those whose parents live or work on Federal property. The parents of these children contribute to local revenues through the payment of property and/or other local taxes and therefore these children do not represent a significant Federal burden on the community.

2/ This provision proposes to limit payments for 3(a) category low-rent housing children to the total amount paid for such children in fiscal year 1979. In 1980, each local educational agency that applies for payments for 3(a) category low-rent housing children will have those payments proportionately reduced so that the total amount paid to all districts combined does not exceed the total amount paid in 1979. The existence of such children does not constitute a federally imposed burden, as public housing is locally owned and the Federal government already provides subsidies and in-lieu-of tax payments for this property.

3/ This provision proposes to eliminate a 90 percent hold harmless clause in the basic law, since the budget intent in 1980 is to fund on the basis of current need not historical precedent. The Education Amendments of 1978 authorize a sub-tier payment system under the second payment tier. Under this payment system, local educational agencies would first receive 65 percent of the amounts payable under the second payment tier. Secondly, from any funds remaining, a distribution would be made to provide each local educational agency with 90 percent of what it had received under Section 3 in the previous year. Thirdly, if any funds still remain, the balance of 35 percent of the amounts payable under the second payment tier would be paid in accordance with the appropriations act. This language is proposed to eliminate the hold harmless provision of Section 5(e), the second step distribution, which assures each local educational agency of 90 percent of the previous year's Section 3 payments and to permit the payment of the 35 percent balance of amounts payable under the second payment tier.

4/ This provision proposes to eliminate payments for hold harmless provisions (B) and (C), authorized under Section 305, as they provide compensation for districts which have experienced a decrease in enrollment of federally connected children due to closure of military installations or which have experienced a decrease in payment due to the present ineligibility of children whose parents live or work out of the county or out of the State in which a particular district is located. Such payments are inequitable because they are made for children no longer receiving services or no longer considered to be a federally imposed burden.

Language provision	Explanation
...Provided, That notwithstanding the provisions of section 5(c), no local educational agency shall be entitled to payments with respect to children described in section 3(b) of said Act...	The basic law authorizes payments for children who reside, or whose parents work, on Federal property (Section 3(b)). This language is necessary in order to terminate payments for this category of children.
...Provided further, That the total amount paid with respect to entitlements under section 3(a) attributable to children who reside on, or reside with parents employed on, property which is described in section 403(1)(C) of said Act shall not exceed the amounts paid under this section in fiscal year 1979, and any reductions required thereby shall be derived by proportionately reducing the payments attributable to children who reside on, or reside with parents employed on, property which is described in section 403(1)(C) applied for by all local educational agencies under section 3(a)...	The basic law authorizes payments for 3(a) category children connected with low-rent housing according to the three-tier payment system with 25 percent of entitlement payable in the first tier, between 63 percent and 75 percent payable in the second tier and the balance payable in the third tier. This language would provide funds for 3(a) category children who reside on low-rent housing and whose parents are employed on Federal property or are in the uniformed services at a total level not to exceed the amount paid for such children in fiscal year 1979. Each educational agency that applies for payments for 3(a) category low-rent housing children will have those payments proportionately reduced so that the total amount paid to all districts combined would not exceed the total amount paid in 1979.
...Provided further, That none of the amounts so appropriated shall be available for payments under section 5(e)...	This appropriation request proposes to fund local educational agencies at 100 percent of the amounts payable under the second payment tier for all 3(a) category children, except for those who reside on low-rent housing who would be paid according to the previous provision. The Education Amendments of 1978, however, authorize a sub-tier payment system under the second payment tier. Under this payment system, local educational agencies would first receive 65 percent of the amounts payable under the second payment tier. Secondly, from any funds remaining, a distribution would be made to provide each local educational agency with 90 percent of what it had received under Section 3 in the previous year. Thirdly, if any funds still remain, the balance of 35 percent of the amounts payable

Language provision	Explanation
	under the second payment tier would be paid in accordance with the appropriations act. This language is proposed to eliminate the hold harmless provision of Section 5(b), the second step distribution, which assures each local educational agency of 90 percent of the previous year's Section 3 payments and to permit the payment of the 35 percent balance of amounts payable under the second payment tier.
...Provided further, That none of the amounts so appropriated shall be available for payments under the second paragraph (2) of section 395(a) of the Education Amendments of 1974.	This language eliminates payments under hold harmless provisions (B) and (C). Hold harmless (B) provides compensation for districts which have experienced a decrease in enrollment of federally connected children due to closure of military installations. Hold harmless (C) provides compensation for districts which have experienced a decrease in payment due to the present ineligibility of children whose parents live or work out of the county or out of the State in which a particular district is located.

Amounts Available for Obligation

	1979	19
Appropriation	$816,100,000	$528,000,000
Unobligated balance, start of year	28,956,000	---
Total obligations	845,056,000	528,000,000

Summary of Changes

1979 Estimated budget authority	$816,100,000
1980 Estimated budget authority	528,000,000
Net change	- 288,100,000

	1979 Base	Change from Base
Increases:		
Program:		
1. Maintenance and operations--change is due to an estimated increase in per pupil expenditures for 3(a) category children due to rising costs; expanded eligibility for districts heavily impacted with 3(a) category children; and increased entitlement for children residing on Indian lands	$343,000,000	+$ 56,000,000
2. Maintenance and operations--increase in the estimated per pupil expenditure for Section 6 category children due to rising costs	63,500,000	+ 6,500,000
3. Construction--to provide additional funds for the construction of minimum school facilities in districts serving children who reside on Indian lands and in areas heavily impacted by Federal activities	17,000,000	+ 3,000,000
Total increases		+ 65,500,000
Decreases:		
Program:		
1. Maintenance and operations--termination of payments for 3(b) category children	320,000,000	-320,000,000
2. Maintenance and operations--elimination of payments under the hold harmless provisions	33,600,000	- 33,600,000
Total decreases		-353,600,000
Net change		-288,100,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Maintenance and operations:			
a. Payments for "a" children.....	$343,000,000	$399,000,000	+$ 56,000,000
b. Payments for "b" children.....	320,000,000	---	- 320,000,000
c. Special provisions............	14,000,000	14,000,000	---
d. Payments to other Federal agencies......................	63,500,000	70,000,000	+ 6,500,000
e. Hold harmless provisions......	33,600,000	---	- 33,600,000
f. Disaster assistance...........	12,000,000	12,000,000	---
Subtotal............	786,100,000	495,000,000	- 291,100,000
2. Construction......................	30,000,000	33,000,000	+ 3,000,000
Total budget authority..........	816,100,000	528,000,000	- 288,100,000
(Obligations)....................	(845,056 000)	(528,000,000)	(-317,056,000)

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Land and structures..................	$ 13,000,000	$ 13,000,000	$ ---
Grants, subsidies, and contributions........................	803,100,000	515,000,000	-288,100,000
Total budget authority by object.	816,100,000	528,000,000	-288,100,000

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
School Assistance in Federally Affected Areas:				
1. Maintenance and Operations (P.L. 81-874):				
a. Payments for "a" children (Sec. 3(a))	$365,900,000	$343,000,000	$418,700,000	$399,000,000
b. Payments for "b" children (Sec. 3(b))........	859,700,000	320,000,000	920,300,000	---
c. Special provisions (Secs. 2, 3(e), 4).	15,000,000	14,000,000	15,130,000	14,000,000
d. Payments to other Federal agencies (Sec. 6)............	63,500,000	63,500,000	70,000,000	70,000,000
e. Hold harmless provisions (Sec. 305(b)(2) and Sec. 5(e)).........	19,500,000 1/	33,600,000	7,200,000 1/	---
f. Disaster assistance (Sec. 7)............	Indefinite	12,000,000	2/	12,000,000
2. Construction (P.L. 81-815)..........	Indefinite	30,000,000	Indefinite	33,000,000
Total BA....................		816,100,000		528,000,000
Total BA Against Definite Authorization..........	1,323,600,000	774,100,000	1,431,330,000	483,000,000

1/ Entitlements for hold harmless provisions are based on full funding. As funding is prorated down, hold harmless requirements increase.

2/ New authorization is required.

School Assistance in Federally Affected Areas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$201,107,000	$519,507,000	$599,107,000	$519,507,000
1971	425,000,000	438,900,000	672,700,000	549,968,000
1972	439,300,000	606,880,000	676,880,000	611,880,000
1973	4[illegible]0,910,000	641,405,000	681,405,000	671,405,000
1974	292,500,000	610,000,000	633,000,000	593,416,0001/
1975	340,300,000	656,016,000	656,016,000	656,016,000
1976	266,000,000	659,000,000	725,000,000	66[illegible],000,000
Transition Quarter	5,000,000	70,000,000	70,000,000	70,000,000
1977	325,000,000	788,000,000	798,000,000	793,000,000
1978	426,000,000	805,000,000	825,000,000	805,000,000
1979	885,400,0002/	856,400,000	799,100,000	816,100,000
1980	528,000,000			

1/ The amount available for obligation after application of a five percent reduction provision in the fiscal year 1974 appropriation.

2/ Includes the Budget Amendment of $29,000,000 for Construction which was submitted to the Congress in mid-1978. No action was taken on this request as it was received by the Congress too late for consideration with the fiscal year 1979 appropriations bill.

Justification

School Assistance in Federally Affected Areas

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Maintenance and operations:			
a. Payments for "a" children...	$343,000,000	$399,000,000	+$ 56,000,000
b. Payments for "b" children...	320,000,000	---	- 320,000,000
c. Special provisions..........	14,000,000	14,000,000	---
d. Payments to other Federal agencies....................	63,500,000	70,000,000	+ 6,500,000
e. Hold harmless provisions....	33,600,000	---	- 33,600,000
f. Disaster assistance.........	12,000,000	12,000,000	---
Subtotal...............	786,100,000	495,000,000	- 291,100,000
2. Construction....................	30,000,000	33,000,000	+ 3,000,000
Total budget authority.........	816,100,000	528,000,000	- 288,100,000
(Total obligations)...........	(845,056,000)	(528,000,000)	(-317,056,000)

General Statement

To compensate for the cost of educating children in areas where enrollment and the availability of revenues from local sources have been adversely affected by Federal activities, Title I of Public Law 81-874, as amended by Public Law 95-561, and Public Law 81-815, as amended by Public Law 95-561, provide funds for current operating expenses and construction assistance. A major portion of the funds are allocated on the basis of children who reside on Federal property and/or whose parents work on Federal property or are in the uniformed services. In addition, funds are provided under both laws for the education of children who reside on Indian lands and for children who reside on Federal property where State or local laws or other reasons preclude them from receiving a suitable free public education. Major and pinpoint disaster assistance also is authorized under both laws. Applications for assistance are submitted by local educational agencies through their State educational agency and payments under both laws are made directly to eligible school districts.

In fiscal year 1980, the budget request proposes to alter the funding priorities under the Maintenance and Operations program (P.L. 81-874). Specifically, funds would continue to be provided through the second payment tier for children whose parents live and work on Federal property, with the exception that payments for low-rent housing children under this category would be limited to the fiscal year 1979 total payment level. Payments would be made also for special provisions and to other Federal agencies. However, in 1980, no payments would be made for children whose parents live or work on Federal property or for the hold harmless provisions. This would result in a decrease of $291,100,000 below the fiscal year 1979 level.

An amount of $12,000,000 is requested in anticipation of claims due to major disasters. No funds are requested for pinpoint disaster claims.

The budget request proposes a $3,000,000 increase for school construction (P.L. 81-815) of which $1,000,000 would be provided to schools serving children who reside on Indian lands (Section 14) and $2,000,000 to schools on local property heavily impacted by federally connected children (Section 5).

1. Maintenance and Operations
(P.L. 81-874)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
88	$786,100,000	$1,431,330,000	88	$495,000,000	-$291,100,000

Purpose and method of operations

To help compensate school districts for the cost of educating children where enrollment and the availability of revenues from local sources have been adversely affected by Federal activities, Public Law 81-874, as amended by Public Law 95-561, provides maintenance and operations funds.

The legislation provides payments for current operating expenses for the purposes listed below. Sections 5(c) and 5(e) establish the portions of entitlements that will be allocated and paid when an appropriation for a fiscal year is not enough to fund in full all entitlements under Sections 2, 3 and 4.

Section 2 - School districts having a partial loss of tax base (10 percent or more of assessed value) as a result of the acquisition (since 1938) of real property by the United States;

Section 3(a) - Children who reside, and whose parents work, on Federal property;

Section 3(b) - Children who reside, or whose parents work, on Federal property;

Section 3(d)(2)(B) - To increase rates of payment for children under specified circumstances to the extent necessary to enable a school district to provide a level of education equivalent to that provided by comparable school districts;

Section 3(e) - To phase out entitlements under specified conditions to school districts losing a substantial number of children due to a decrease or cessation of Federal activities in the State in which the school district is located;

Section 4 - For sudden and substantial increases in federally-connected attendance resulting from activities carried on by the Federal government either directly or through a contractor;

Section 6 - Payments to other Federal agencies or local educational agencies to provide the full cost of educating children who reside on Federal property when the State or local educational agency is unable, because of legal or other reasons, to provide a suitable free public education;

Section 7 - Assistance to local educational agencies affected by major or pinpoint disasters;

Section 305(b)(2) (B), (C)	- Two hold harmless provisions designed to soften the impact of the reform amendments made by P.L. 93-380 and to offset decreased military activities that occurred in 1974 and 1975.

Payments are made directly to local school districts where Federal funds are commingled with State, local or other funds used for general operating expenses which benefit all students enrolled in the district.

1980 budget policy

In fiscal year 1980, $495,000,000 is requested for the Maintenance and Operations program. The emphasis of this budget request is to fund through the second payment tier those school districts which are significantly impacted by the Federal government in that they provide education for children whose parents both live and work on Federal property.

In addition, full payments would continue to be made for children who reside on Federal property when the State or local educational agency is unable, because of legal or other reasons, to provide a suitable free public education. Full payment would be made under special provision, Section 2; and the other special provision, Section 3(e), would be funded through the second payment tier. An amount of $12,000,000 has been requested in anticipation of claims due to major disasters; no funds have been requested for pinpoint disaster claims. New authorization is required.

Under the 1980 budget request, school districts would not be compensated for 3(b) category children, those who reside, or whose parents work, on Federal property. The parents of these children contribute to local revenues through the payment of property and/or other local taxes and therefore these children do not represent a significant Federal burden on the community. Funds for children who live on low-rent housing and whose parents are employed on Federal property have been requested at the level paid in 1979 for these children. This policy reflects the continued belief that such children do not constitute a federally imposed burden as public housing is locally owned and the Federal government already provides subsidies and in-lieu-of tax payments for this property. Although the Education Amendments of 1978 increased the amounts payable for low-rent housing children through the second payment tier, the goal of this budget request is to limit Federal responsibility for these children under this program. Funds for hold harmless provisions (B) and (C) of Section 305 and the new hold harmless provision of Section 5(e) are not requested as these provisions are not firmly based on a significant Federal impact.

In fiscal year 1979, the appropriation provided funding through the second payment tier for 3(a) category children, funding at the fiscal year 1978 total payment level for 3(b) category children and funding for hold harmless provisions (B) and (C). In addition, full funding was provided for Section 2 and for schools located on Federal property (Section 6), and Section 3(e) was funded through the second payment tier.

Below is a comparison of payments as a percent of entitlement, and the number of school children and school districts served in fiscal years 1979 and 1980. This comparison is based on the requested appropriation of $495,000,000 for 1980 and the 1979 appropriation of $786,100,000.

Fiscal Year 1979/1980 Comparison

	Payment as Percent of Entitlement		Estimated Number of Children on which Payments are Based1/		Estimated Number of School Districts Receiving Payments1/	
	1979	1980	1979	1980	1979	1980
Section 2	100	100	N/A	N/A	249	249
Section 3(a)	88-100	88-100	355,000	355,000	1,764	1,764
Low-rent	25	2/	6,350	6,350	195	195
Section 3(b)	53-60 3/	---	2,009,000	---	3,903	---
Low-rent	25 3/	---	716,170	---	1,232	---
Section 3(e)	57	57	N/A	N/A	14	14
Section 4	4/	4/	4/	4/	4/	4/
Section 5(e)	N/A	---	N/A	---	N/A	---
Section 6	100	100	42,000	42,000	25	24
Hold harmless (B) and (C)	100	---	5/	---	920	---
Section 7	6/	6/	6/	6/	6/	6/

1/ Figures represent the children and recipient districts for each section or subsection exclusively.

2/ Total payments in fiscal year 1980 will not exceed total payments made in fiscal year 1979.

3/ Percentages are those specified in the legislation. In fiscal year 1979, 3(b) category children were funded at the total payment level for Section 3(b) in fiscal year 1978, with reductions proportionately distributed among all applicants in this category.

4/ No applications are anticipated.

5/ Hold harmless provisions (B) and (C) only. The number of children on which payments are based cannot be estimated.

6/ Requirements cannot be estimated. The requested amount is based on the average requirements over the past 10 years.

SUPPLEMENTAL FACT SHEET
Maintenance and Operations

P.L. 81-874	Basis of Eligibility	1978 Entitlement	1978 Appropriation1/	1979 Entitlement	1979 Request2/	1979 Appropriation3/	1980 Entitlement	1980 Request4/
Section 2	School districts having partial loss of tax base by removal of real property from tax rolls through Federal acquisition	$ 13,750,000	$ 13,750,000	$ 12,600,000	$ 13,750,000	$ 12,600,000	$ 12,500,000	$ 12,500,000
Section 3(a)	Children who reside, and whose parents work, on Federal property	323,000,000	318,000,000	385,900,000	337,000,000	343,000,000	418,700,000	399,000,000
Section 3(b)	Children who reside, or whose parents work, on Federal property	786,000,000	339,000,000	839,700,000	374,300,000	320,000,000	920,300,000	—
Section 3(e)	School districts having a reduction of federally-connected children due to cessation or decrease of Federal activity	5,000,000	2,850,000	2,400,000	2,850,000	1,400,000	2,630,000	1,500,000
Section 4	Sudden and substantial increases of children resulting from Federal activities carried on directly or through a contractor			No applications expected.				
Section 5(e)	Hold harmless provision	N/A	N/A	N/A	N/A	N/A	—5/	—
Section 6	Arrangements with Federal or local educational agencies for educating certain children residing on Federal property	57,700,000	57,700,000	63,500,000	63,500,000	63,500,000	70,000,000	70,000,000
Section 305(b) (2)(B) & (C) (P.L. 93-380)	Hold harmless provisions5/	13,500,0005/	38,700,000	19,500,0005/	20,000,000	33,600,000	7,200,0005/	—
Section 7	Major and Pinpoint Disasters	Indefinite	5,000,000	Indefinite	12,000,0006/	12,000,0006/	Indefinite	12,000,0006/
	Total	1,198,950,000	775,000,000	1,323,600,000	823,400,000	786,100,000	1,431,330,000	495,000,000

1/ Payments through tier 2 and hold harmless provisions (B) and (C).
2/ Based on estimated entitlement at time of Budget request.
3/ Payments through tier 2 with 3(b) payments limited to the total paid for 3(b) in fiscal year 1978 and hold harmless provisions (B) and (C).
4/ Payments through tier 2 for 3(a) category children with total payments for 3(a) category low-rent housing children limited to the fiscal year 1979 payment level for these children.
5/ Entitlements for hold harmless provisions are based on full funding. As funding is prorated down, hold harmless requirements increase.
6/ Requirements cannot be estimated; request is based on average requirements over the past ten years.

2. Construction
(P.L. 81-815)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
10	$30,000,000	Indefinite	10	$33,000,000	+$3,000,000

Purpose and method of operations

To help compensate for the cost of educating children in areas where enrollment and the availability of revenues from local sources have been adversely affected by Federal activities, Public Law 81-815 as amended by Public Law 95-561 provides funds for the construction and repair of urgently needed minimum school facilities. Section 5 provides assistance for school construction in areas experiencing an increase in Federal activity either directly or through a contractor. Eligibility is determined by the number of children residing on Federal property and/or the number of children who reside with a parent employed on Federal property. Under Section 9, construction funds are provided to school districts experiencing a temporary Federal impact. Legal or other reasons prevent some local educational agencies from spending State or local funds on the provision of a suitable free public education or the construction of school facilities for children who reside on Federal properties. In these instances, the Commissioner is directed by Section 10 to make arrangements for constructing or otherwise providing school facilities for these children. School districts that are comprised mainly of Indian lands or that provide free public education to children who reside on Indian lands receive funds for the construction of school facilities under Section 14. Section 16 provides assistance to local educational agencies in areas suffering major disasters.

The sections of P.L. 815 are prioritized in the law for funding purposes. According to the authorizing legislation, when appropriations are insufficient to fully fund current applications, funds are first provided for Sections 9 and 10, with the stipulation that Section 14 be funded at a level at least equal to Section 10, and that the remainder of the appropriated funds be made available for Section 5. However, in recent years, Sections 10 and 14 have been funded at levels specified by the Administration and Congress with the balance of the funds used for Section 5.

A nationwide priority index based on relative urgency of need is developed for each section of the Act. Insofar as funds are available, they are then distributed to recipient schools based on these prioritized lists. The applications on this list which are not funded are reranked with new applications that are received. Therefore, a particular project's ranking might change several times before being funded.

1980 budget policy

To increase construction assistance to local educational agencies, $33,000,000 is requested in 1980. Emphasis is again placed on the construction of school facilities for children residing on Indian lands (Section 14) with a request for $17,000,000 and on construction activities for schools located on Federal installations (Section 10) with a request for $13,000,000. The remaining $3,000,000 would be used for Section 5 schools, those located in areas experiencing an increase in Federal activity, either directly or through a contractor.

The condition of many of the schools for children residing on Indian lands and those located on Federal installations present life safety hazards as well as being disruptive to educational productivity. In addition, when remodeling existing facilities, the correction of asbestos problems will be considered as a life safety factor.

Applications for construction of school facilities which serve children residing on Indian lands amount to $350,000,000 (expressed in the dollar requirements at the time of filing). Requests are currently on file for projects whose costs range between $42,000,000 and $43,000 per school building. It is anticipated that the budget request of $17,000,000 would result in the implementation of construction of three school buildings which would provide minimum school facilities for approximately 2,400 children.

An indepth study documenting the needs of schools located on Federal installations (Section 10) was submitted to the Congress in March, 1978. As of the beginning of 1980, projects amounting to $180,000,000 (expressed in 1976 dollars) would require funding. It is anticipated that the budget request of $13,000,000 would result in the implementation of construction of three school buildings which would provide minimum school facilities for approximately 2,600 students.

Applications amounting to approximately $110,000,000 (expressed in the dollar requirements at the time of filing) for Section 5 funding are currently on file. Generally, funding requests are for additions to existing facilities and it is expected that the budget request of $3,000,000 would enable construction activities on two or three school buildings which would provide minimum school facilities for 600-900 children.

SUPPLEMENTAL FACT SHEET
Construction

P.L. 81-815 Section	Basis of Eligibility	1978 Appropriation	1979 Request	1979 Appropriation	Backlog Prior to 1980	1980 Entitlement	1980 Budget Request
5	Children whose parents reside and/or work on Federal property or who represent an increase in Federal activity either directly or through a contractor	$ 4,000,000	$ 4,000,000	$ 1,000,000	$110,000,000 1/	Indefinite	$ 3,000,000
8	Provision of non-Federal share when construction imposes a financial burden on locality	---	---	---	---	---	---
9	Temporary increases of Federally connected children for whom temporary school facilities are provided	5,000,000	---	---	---	---	---
10	Federally constructed schools on Federal property	10,500,000	42,000,000 2/	13,000,000	180,000,000 3/	Indefinite	13,000,000
14	School districts serving children residing on tax-exempt Indian lands	10,500,000	16,000,000	16,000,000	350,000,000 1/	Indefinite	17,000,000
16	Major disasters	4/	4/	4/	4/	4/	4/
	Total	30,000,000	62,000,000	30,000,000	640,000,000	Indefinite	33,000,000

1/ Expressed in dollar requirements at the time applications were filed.
2/ Includes the Budget Amendment of $29,000,000 which was submitted to the Congress in mid-1978.
3/ Expressed in 1976 dollars.
4/ Requirements cannot be estimated and are payable out of regular appropriation, subject to replacement by supplemental appropriation.

School Assistance in Federally Affected Areas

Maintenance and Operations - P.L. 81-874

State or Outlying Area	1978 Appropriation	1979 Appropriation	1980 Estimate
TOTAL	$775,000,000[1]	$786,100,000[2]	$495,000,000
Alabama	12,799,396	12,781,700	4,850,000
Alaska	47,109,135	51,086,500	55,003,000
Arizona	26,163,292	28,564,600	28,791,000
Arkansas	3,835,727	3,976,300	2,313,000
California	96,943,084	96,677,500	61,704,000
Colorado	14,285,723	14,042,000	6,053,000
Connecticut	4,887,789	5,123,700	3,179,000
Delaware	3,104,704	3,569,200	3,619,000
Florida	22,595,508	22,668,300	11,920,000
Georgia	21,282,382	20,688,200	12,044,000
Hawaii	15,070,717	15,710,600	13,598,000
Idaho	4,834,159	5,007,000	2,993,000
Illinois	14,274,317	14,795,200	8,465,000
Indiana	3,299,378	3,426,900	1,551,000
Iowa	965,510	1,087,200	413,000
Kansas	8,390,793	8,816,000	6,689,000
Kentucky	15,356,126	16,832,000	13,771,000
Louisiana	6,647,191	6,247,100	3,149,000
Maine	3,322,383	3,555,200	2,691,000
Maryland	30,193,664	28,914,400	9,558,000
Massachusetts	14,402,155	12,344,200	7,352,000
Michigan	7,097,566	7,832,400	5,556,000
Minnesota	4,438,294	4,282,100	2,851,000
Mississippi	4,400,225	4,521,900	2,374,000
Missouri	9,265,247	9,490,100	5,316,000
Montana	8,962,888	9,723,600	9,630,000
Nebraska	8,770,756	9,102,100	7,494,000
Nevada	4,922,787	5,067,100	3,483,000
New Hampshire	2,367,008	2,390,800	1,530,000
New Jersey	14,966,552	15,305,700	7,560,000
New Mexico	21,788,492	22,967,200	20,762,000
New York	39,050,704	39,274,000	13,237,000
North Carolina	23,976,458	24,740,900	19,075,000
North Dakota	6,105,566	6,643,200	6,819,000
Ohio	11,295,079	11,801,800	3,574,000

State or Outlying Area	1978 Appropriation	1979 Appropriation	1980 Estimate
Oklahoma	17,539,976	18,385,900	13,602,000
Oregon	3,839,812	4,430,100	2,319,000
Pennsylvania	11,420,880	11,555,300	3,269,000
Rhode Island	3,966,994	3,592,200	1,468,000
South Carolina	13,850,290	14,642,600	10,693,000
South Dakota	8,151,593	8,945,400	9,057,000
Tennessee	8,856,939	8,580,200	1,120,000
Texas	37,636,129	37,994,000	19,007,000
Utah	9,471,122	9,155,100	3,253,000
Vermont	219,635	253,000	66,000
Virginia	46,546,233	45,366,800	19,974,000
Washington	19,889,592	20,433,300	11,993,000
West Virginia	549,437	687,400	113,000
Wisconsin	3,970,364	3,344,700	2,503,000
Wyoming	3,886,430	3,962,700	2,373,000
District of Columbia	4,668,376	4,411,700	1,219,000
American Samoa	---	---	---
Guam	2,037,325	2,111,200	1,755,000
Puerto Rico	11,220,013	11,597,500	10,144,000
Trust Territories	---	---	---
Virgin Islands	439,439	398,700	5,000
Mariana Islands	---	---	---
Anticipated disaster assistance		12,000,000	12,000,000
Lapse	24,668,666		

1/ Total 1978 obligations for Sections 2, 3, 6 and 7 amounted to $750,331,334, including $5,000,000 currently undistributed.

2/ Includes $15,195,500 currently undistributed.

TUESDAY, MARCH 27, 1979.

EMERGENCY SCHOOL AID

WITNESSES

THOMAS MINTER, DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION

ACCOMPANIED BY:

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

GEORGE R. RHODES, ACTING ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY PROGRAMS

JESSE J. JORDAN, DIRECTOR, DIVISION OF EQUAL EDUCATIONAL OPPORTUNITY PROGRAM OPERATIONS

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

MONIKA E. HARRISON, BUDGET ANALYST, DIVISION OF PLANNING AND BUDGETING

BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE)

WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

EMERGENCY SCHOOL AID

Mr. NATCHER. Now we take up the Emergency School Aid request that is before the committee, and we have Mr. Minter, the Deputy Commmissioner for Elementary and Secondary Education before our committee, along with Dr. Berry, and there may be one or two additional associates you might want to present to the committee on this request.

Whom do you have on this request?

Mr. MINTER. Mr. Chairman, we have with us George R. Rhodes, Acting Associate Commissioner for Equal Educational Opportunity Programs, and Jesse J. Jordan, Director, Division of Equal Educational Opportunity Program Operations.

Mr. NATCHER. We are delighted to have all of you before the committee at this time.

We have the statement before the committee which we will place in the record in its entirety, and if you desire we would be pleased to hear from you if you want to highlight this statement before we take up the questions.

[The statement follows:]

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DEPARTMENT OF HEALTH, EDUCATION AND WELFARE
Office of Education

Biographical Sketch

NAME : Thomas K. Minter

POSITION : Deputy Commissioner for Elementary and
Secondary Education, U.S. Office of Education

BIRTHPLACE AND DATE : Bronx, New York - June 28, 1924

EDUCATION : B.S., New York University, 1949
M.A., New York University, 1950
S.M.M., Union Theological Seminary, New York, 1950
Ed.D., Harvard University, 1971

EXPERIENCE :

Present : Deputy Commissioner
Bureau of Elementary & Secondary Education
U.S. Office of Education

7/75-4/77 : Superintendent of Schools, Wilmington, Delaware

1/72-6/75 : Superintendent, District Seven, Philadelphia, Pa.

6/70-1/72 : Director, Pennsylvania Advancement School,
Philadelphia, Pa.

7/68-6/70 : Administrative Assistant to Superintendent,
District Seven, Philadelphia, Pennsylvania

9/67-6/69 : Administrative Assistant to Director of Field Services
Boston, Massachusetts

Summer of 1967 : Consultant, Office of Educational Liaison
Human Resources Administration, New York

Spring of 1967 : Research Assistant, Special Projects & Coordinator
Title II Program, Office of Superintendent, Medford, Mas

1959-1966 : Teacher & Acting Chairman, Music Department
Benjamin Franklin High School, East Harlem, N.Y.

1955-1959 : Teacher of Choral and General Music
James Otis Junior High School, East Harlem, N.Y.

1949-1953 : Instructor, Choral & Instrumental Music
Maryland State Teachers College, Bowie, Maryland

ADDITIONAL EXPERIENCE:

Consultant to Superintendent of Schools,
Portland, Oregon

Tri-Community Desegregation Problem Clinic,
Englewood, New Jersey

Consultant to University of Pittsburgh
Learning Research and Development Center

Carter/Mondale Transition Planning Group-Education
Washington, D.C., December 1976

PUBLICATIONS:

Intermediate School 201, Manhattan: Center of Controversy. Cambridge Publications Office, Harvard Graduate School of Education, 1967

A Study of the New York City Board of Education Demonstration Projects: IS 201, Two Bridges Ocean Hill-Brownsville. Cambridge, October 10, 1967

The Role of Conflict in the Development Operation of Two New York City Decentralized School Projects August 1968

Statement, pages 28-36, inc., in Covering the Desegregation Story: Current Experiences and Issues

Article: "How Does A District Mobilize for Desegregation?" in School Desegregation: Making It Work, Robert L. Green, ed., College of Urban Development, Michigan State University, East Lansing, Mich.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Deputy Commissioner for Elementary and Secondary Education

on

Emergency School Aid

Mr. Chairman and Members of the Committee:

I am happy to have the opportunity to appear before your committee today to present the fiscal year 1980 budget for Federal desegregation assistance. This budget reflects the President's continuing commitment to the goals of Brown v. Board of Education, now embodied in law for over 25 years. Clearly, desegregation remains an unfinished national agenda, and integration a goal toward which the Nation must continue to work. We believe that this budget allows us to move ahead, to encourage new and voluntary desegregation while at the same time providing continuing assistance to school districts past the initial implementation stages but having second-generation desegregation problems. We are requesting a total of $354,100,000 for desegregation assistance, an increase of $22,100,000 over the comparable 1979 appropriation.

Federal school desegregation assistance is comprised of two separate, but complementary programs, Title IV of the Civil Rights Act (referred to in the budget as Training and Advisory Services) and the Emergency School Aid Act (ESAA). In 1980, all programs under Title IV and ESAA will be focused on providing funding for districts just entering the costly first stages of the desegregation process. Our emphases are on new and voluntary desegregation with Federal funds flowing to districts in a more timely fashion. Although the Federal role has changed since the beginning of Federal desegregation assistance in the late 1960's, Federal involvement has been crucial to comprehensive implementation strategies.

Under the Emergency School Aid Act, we are requesting an increase of $18.5 million for Special Programs and Projects awards to districts receiving court orders after the regular ESAA funding cycle or having unmet financial needs. These awards can often provide the financial stimulus necessary to begin large scale desegregation activity. We anticipate supporting both required and non-required plan districts with these funds.

Another highlight of this budget is the introduction of a new "discretionary" account, estimated at $5 million, under Special Programs and Projects to allow immediate response to requests from districts unable to receive sufficient funding, either because of timing or inadequacy of resources. This account is patterned after a similar one in the Title IV program where awards can be made throughout the year upon request by a school district which is desegregating.

In past years it has become increasingly evident that the success of implementing desegregation plans is tied inextricably to adequate funding for many diverse activities. In order to assist districts using a variety of approaches to desegregate their schools, several new ESAA programs have been initiated in the past two years. Among these are pre-implementation assistance, State agency incentive awards (up to $2 million), and magnet school awards. We view magnet schools as not only an effective desegregation tool but an excellent way of encouraging educational quality within the context of desegregation. For this reason, we have requested an increase of $10 million over the 1979 funding level for magnet schools, pairing with businesses and universities, and the development of plans for neutral site schools.

Another pressing need is for the development of thorough plans which can be implemented on an orderly, well-reasoned schedule. For the first time, as a result of the Education Amendments of 1978, we will provide funding for districts which are developing a plan of desegregation, be that plan voluntary or required. We have requested $2 million for such projects. Funding this activity is one example of our continuing commitment to encouraging new desegregation throughout the Nation.

Other funding increases in the Emergency School Aid Act are in the area of educational television and radio. As you know, the Education Amendments of 1978 authorize the funding of radio programming beginning in 1980. We consider both television and radio potential tools for enhancing the self-image of minority children and for promoting understanding of desegregation and integration among all children. Ten percent of the $9.8 million request will be used for radio programming.

Our emphases for Title IV programs for race, sex, and national origin desegregation complement our emphases for Emergency School Aid Act programs. Although the activities which can be supported under Title IV are more limited than those allowed under ESAA, the necessity of providing funds in a timely fashion is of ultimate importance. Toward this end, $14.35 million of the $16.35 million increase above the 1979 level will be used for direct grants to school boards for race and national origin desegregation. These awards are made throughout the year as needs arise, and thus are especially helpful to districts just beginning the desegregation process. Funds can be used for any training associated with the district's desegregation plan and for the employment of advisory specialists to help with the problems arising from the implementation of the plan. The remaining $2 million increase will be used for State and local educational agency awards for sex discrimination prevention and elimination. Awards will also be made for desegregation assistance centers and training institutes.

In summary, we feel that this budget for Federal desegregation assistance represents effective utilization of the flexible authorities granted under the Education Amendments of 1978 and the experience of ten years of program operation. In addition, we think that our emphasis on timely assistance and comprehensive desegregation plans will result in more orderly implementation and educational quality in many of the Nation's largest school districts.

My associates and I will be happy to answer any questions you may have.

Mr. Minter. Yes, I would, Mr. Chairman.

We believe that the pursuit of desegregation of the Nation's schools is clearly an unfinished national agenda, and that 20 years after the Brown Decision we still have a good way to go to accomplish the goals of totally desegregated school systems throughout our country.

We are requesting a total of $354.1 million for desegregation assistance, and to show our increased commitment and our hope that we will encourage greater desegregation, we are requesting an increase of $22.1 million over the 1979 appropriation.

Federal desegregation assistance is comprised of two separate but complementary programs; title IV of the Civil Rights Act and the Emergency School Aid Act.

All of the programs under both of these Acts in 1980 will be focused on providing funds for districts just entering the first stages of the desegregation process, and our emphasis will be on new and voluntary desegregation.

We are asking for an increase of $18.5 million for Special Programs and Projects under the Emergency School Aid Act. We want to award these projects to districts that are receiving or will receive court orders after the regular funding cycle has been completed or for unanticipated needs within desegregating school districts.

We are asking also for $5 million for a new discretionary account under Special Programs and Projects to allow us to respond immediately to requests from districts that have unique and unanticipated desegregation needs. This is similar to an account in the title IV, Civil Rights Act program.

Among the new ESAA programs that have been initiated in the past two years we will be requesting up to $4 million for State agency incentive awards and $35.2 million for magnet school awards. We view magnet schools as a very effective tool for aiding in the desegregation of school systems, and also for enhancing quality education. Therefore, we have requested $10 million over the 1979 level for these activities.

We will also use these moneys for encouraging the pairing of businesses and universities with school systems that are desegregating and also for the development of plans for neutral site schools.

We have requested additional funds for integrated radio and television programs. Ten percent of the $9.8 million request will be used for radio programming which will be funded for the first time in 1980.

Under the Civil Rights Act, title IV, which emphasizes programs for race, sex and national origin desegregation, we are requesting a $16.35 million increase, of which we plan to use $14.35 million for direct grants to school boards for race and national origin desegregation.

We will also make awards to desegregation assistance centers to help school districts desegregate on the basis of racial discrimination, on the basis of sex discrimination, and on the basis of national origin discrimination.

The remaining $2 million increase will be used for State and local education agency awards for sex discrimination prevention and elimination.

In summary, we feel that this is a very flexible budget, and will help us to meet the national goals of desegregating our public school systems.

My colleage and I, Mr. Chairman, will be proud to answer any questions that you and your committee might have.

ECS POSITION STATEMENT

Mr. **Natcher**. Fine. Thank you very much, Mr. Minter.

Now, Dr. Berry, you and Dr. Minter and any of you at the table there, I presume that all of you have had an opportunity to examine the position statement on desegregation which I believe was funded by the Education Commission of the States.

Have you had a chance to examine this?

Dr. **Berry**. Yes, I have seen it, Mr. Chairman.

Mr. **Natcher**. On page 1, and I read a portion of the second paragraph which reads as follows: "Twenty-five years after Brown there is still no clear national commitment to reducing racial isolation in the schools."

Is this a true statement? How do you feel about a statement like this now under this study that was commissioned here by the Education Commissioner of the State?

Dr. **Berry**. There is a national commitment to desegregation if you look at the budget requests we are making and the budget that we have, the funds which are designed to implement desegregation plans.

I have no idea exactly what they meant in the statement but, as I recall it, they felt that since desegregation had not taken place completely over the last 25 years and that since the statistics indicate that large numbers of minority children are still in isolated or segregated schools, more in the North than in the South but still all over the country, that this to their minds indicated a lack of commitment to finishing the unfinished business of desegregation.

I am only inferring that from what they said.

Mr. **Natcher**. Dr. Berry, I would judge from your answer then that you are of the opinion that there is a clear national commitment to reducing racial isolation in the schools as far as the Department is concerned and as far as this Administration is concerned; is that a true statement?

Dr. **Berry**. It is a major priority of the Administration which we demonstrate in all of our actions and all of our policy recommendations and decisions, including the requests that we make in our judgment. We lament the fact that desegregation has not occurred completely over the year, as I think most people in the country would, and we recognize it has not fully taken place but we are committed to making it occur.

Mr. **Minter**. I think we would also point out, Mr. Chairman, that the Emergency School Aid Act under which we are asking for funds is to help school districts which are in the process in the process of desegregating and we do feel that this is a major commitment.

EFFECTIVENESS OF ESAA

Mr. **Natcher**. What evidence is available to show that the Emergency School Aid Program has been effective in desegregating local schools?

Mr. **Minter**. I will ask either Mr. Jordan or Dr. Rhodes to speak to that.

Mr. **Natcher**. Either one of you gentlemen go right ahead.

Mr. **Jordan**. Mr. Chairman, in the past I don't think we could realistically say that the Emergency School Aid Act resulted in school districts desegregating because of it. Prior to the 1978 amendments a school district would desegregate, identify certain problems, make certain changes that were necessary in the school districts and then seek ESAA assistance to deal with those problems, and try to make their desegregation efforts work.

With the changes made in the 1978 amendments we now have the flexibility to go into school districts and work with them at the beginning of the desegregation process, thereby encouraging school districts to achieve voluntary desegregation in lieu of court ordered desegregation.

We feel that this budget, reflecting those changes will, in fact, carry out a policy of reducing isolation.

CHANGES RESULTING FROM EDUCATION AMENDMENTS

Mr. **Natcher**. For the record, summarize the major changes in the Education Amendments of 1978 relating to the Emergency School Aid Act. If you will do that for the record for us we will appreciate it.

[The information follows:]

Changes in the Emergency School Aid Act (ESAA)
Resulting from the Education Amendments of 1978

1. The Emergency School Aid Act is incorporated into the Elementary and Secondary Education Act as Title VI. This change becomes effective in 1980; ESAA programs are reauthorized through 1983.

2. Authorization for the State apportioned part of the program is limited to $155 million for the years 1980-1983.

3. The authority for Pilot programs is eliminated.

4. "Follow the Child" services are separately authorized at $7.25 million.

5. Special programs and projects are authorized at $245 million.

6. Twenty-five percent of sums appropriated for ESAA programs or $20 million, whichever is greater, is required to be spent for magnet schools and related projects annually.

7. Seven percent of sums appropriated for ESAA programs is required to be spent for educational television and radio annually.

8. Integrated radio programming is added to the integrated television programming authority; ten percent of the total for both can be used for radio programming.

9. The following are added to the list of eligible plans in section 606:

   (a) school districts required to provide educational activities in minority group isolated schools not affected by the reassignment aspects of a desegregation plan (606(a)(1)(A)(i)), and

   (b) school districts planning to implement a plan issued by a court, approved by HEW, or undertaken voluntarily. Such a plan could cover not more than two years, and funds for such planning would come only from the special projects authority in section 608(a). (606(a)(1)(E)) In order to be eligible for a planning grant, LEA's would be excepted from the "cease to exist" requirements relating to assignment of children to or within classes (paragraph (C)), and other practices, policies, or procedures which discriminate against children on the basis of race, color, or national origin (paragraph (D)), but only if the plan will address any such violations.

10. The list of authorized activities has been simplified and made generic rather than exclusive. Planning grants are specifically included.

11. The requirement for proposed waivers to lie before Congress for 15 days prior to being granted has been eliminated.

12. The special projects authority has been modified to include its present broad purposes plus magnet schools, pairing of schools with institutions of higher education and businesses, and neutral school sites.

13. The bill includes the Administration's proposal for grants to State educational agencies or other State agencies for desegregation related activities, including planning, technical assistance to LEAs, and training. State expenditures would be matched at two Federal dollars for each State dollar spent on authorized activities, with a maximum of 10 percent of the State's basic apportionment or $500,000, whichever is greater.

14. The bill requires all determinations of civil rights eligibility for grants from State apportioned funds to be made by March 1 preceding the applicable school year, and all grant awards from such funds to be made not later than June 30.

15. The funding criteria have been revised to make clear that priority may be given to more recently desegregating districts; other criteria include the scope of activities to be undertaken and the cost thereof, and the degree of reduction in minority group isolation.

16. The bill permits applications to be approved covering a five year period, with funding for each year conditioned on availability of funds, continued determinations of civil rights eligibility, and demonstration by the applicant of satisfactory progress toward achieving the objectives of the program.

17. The separate ESAA Bilingual program has been transferred to Title VII of the Elementary and Secondary Education Act. However, general authority to support bilingual activities related to an eligible desegregation plan is included under Special programs and projects.

PROPOSED APPROPRIATION LANGUAGE

Mr. **Natcher**. The budget includes proposed appropriation language concerning paragraph 2 of the section 604(b) of the Emergency School Aid Act. Why do you need this language?

Ms. **Beebe**. Mr. Chairman, the language states on the face that appropriations for magnet schools and television and radio shall be a specific percentage of the total amount appropriated under ESAA.

We feel that the intent was to make those magnet schools and television and radio appropriations a percentage of the amount appropriated for Special Programs and Projects. The effect of our proposed language is to change that reservation from funds appropriated under the total Act to funds appropriated under the section. The budget impact would be for the magnet schools' appropriation set at 25 percent of the appropriation to be a total of $74 million; changed to section, that would make an appropriation of $35.2 million. Similarly, for the radio and television, it is set at 7 percent. Without the amendment the appropriation would have to be $21 million; with the change it would be $9.8 million.

These amounts of moneys at the lower levels are the amounts we think can be spent and effectively for these activities.

TRAINING AND ADVISORY SERVICES BUDGET

Mr. **Natcher**. The budget request for Training and Advisory Services under title IV of the Civil Rights Act is $57.7 million, an increase of $16,350,000 over fiscal year 1979. That's a 40-percent increase.

Why can't you hold the line in this program since this is an austere budget? Why a 40-percent increase?

Mr. **Minter**. We want to give school districts greater monetary assistance, to provide services and desegregation specialists to aid with desegregation.

We have found through evaluations, Mr. Chairman, that it is very helpful to have specialists who move throughout the school districts to work with parents and with teachers and students and all facets of the community to aid in the process of desegregation.

Dr. **Berry**. I might add, Mr. Chairman, we have looked and did, in the process of developing this budget, a number of studies on how do you achieve successful desegregation and one of the elements in all of the successful approaches has been early planning and training when the process first started.

This title IV is the most flexible statutory authority we have to give that kind of early support, and that is why we thought we should have a large increase this year in that portion of the budget.

Mr. **Natcher**. Instead of 40 percent could you take 15 percent and accomplish what you have in mind?

Dr. **Berry**. Not given the widespread problem all across the country in the many districts and areas where we need the funds. This is why we made the request at that level, sir.

DIFFERENCES IN ESAA AND TITLE IV, CRA

Mr. **Natcher**. What are the major differences between the Emergency School Aid Act and title IV of the Civil Rights Act?

Mr. **Rhodes**. The Emergency School Aid Act is directed primarily at educational programs, and title IV at training related to desegregation. In addition, title IV is directed toward school districts which are correcting conditions of racial separation which are the result of State or local law or official action.

Ms. **Beebe**. Mr. Chairman, the chart might be helpful, and I have some extra copies here.

SOURCES OF FEDERAL DESEGREGATION ASSISTANCE IN THE ESAA & TITLE IV PROGRAMS

INSERT 9A

Type of Desegregation Assistance	ESAA Programs	CRA-IV Programs
1. Help in Developing A Plan	LEA planning grant* Neutral site planning grants	Technical assistance provided by: SEA DAC
Pre-Implementation 2. Help in getting started	Pre-implementation awards* Magnet school grants	Discretionary grants to school boards Institute teacher training Continue support by SEA and DAC
Implementation 3. Help with desegregation problems	General grants to LEAs Emergency special projects* Business and university pairing SEA incentive awards	Discretionary grants to school boards Institute training Continued support by SEA and DAC
4. Replacement of lost Title I services to reassigned students	General grants to LEAs (Follow the child component)	None
5. Community support for desegregation	Grants to nonprofit organisations General grants to LEAs	None
6. Support from State educational agency (SEA)	SEA incentive awards	Continued support by SEA and DAC
7. Full funding at the negotiating level for LEA's implementing plans that are not more than six (6) years old	Emergency special projects*	None
8. Help at any time	LEA planning grants* Pre-implementation awards* Emergency special projects* (LEA & NPO) Discretionary assistance* SEA incentive awards (services from SEA	Service from the: SEA DAC
9. Help with unique and special problems whether or not a grant award is in place	Discretionary assistance*	Discretionary grants to school boards
10. Help in the specialty areas of Arts and student concerns	Other special projects	None
11. Help in media coverage for children's programming in a desegregated setting	Educational television and radio	None
12. Help in identifying and disseminating successful desegregation activities	Evaluation SEA incentive awards General grants to LEAs	SEA DAC

* Funds available throughout the year as needed.

What we have tried to do on this chart is to focus attention on the various kinds of desegregation assistance that we can provide to districts as they begin first to think about desegregation activity and to eventually follow all the way through the various stages. We have tried to compare what we can do under the ESAA program and the title IV, Civil Rights Program.

I think it's important to keep in mind that we talk about these as being a single program. But, in fact, they are multifaceted activities, each activity designed to help a district in a specific way at a specific point in time in their desegregation process. We begin that process by helping a district to develop a plan.

We can do that under the ESAA Program through planning grants and through neutral site grants. Those are two strategies. We do that also under title IV of the Civil Rights Act by providing funds or technical assistance through our LEA grants or through our desegregation assistance centers.

Going on down the chart, I think you can pick up the key points.

Mr. JORDAN. Mr. Chairman, it might help to point out that title IV of the Civil Rights Act is basically designed to provide technical assistance and teacher training. It was set up to provide districts with people who have special expertise in school desegregation to advise school boards, and superintendents on how they are to proceed in their desegregation efforts.

The Emergency School Aid Act goes one step further and allows the school district to conduct those activities with children, parents and teachers and staff that are necessary to make the effort work. The two go together quite well.

FLEXIBLE DESEGREGATION ASSISTANCE

Mr. NATCHER. All right. Does your office have more flexibility in awarding grants under title IV than you have under the Emergency School Aid Act?

Mr. JORDAN. Mr. Chairman, prior to the 1978 amendments we had more flexibility under title IV. With the passage of the 1978 Educational Amendments we now have more flexibility under ESAA.

Ms. BEEBE. In combination the two programs, however, help us direct aid flexibly at different times and for different needs, and we need both kinds of flexibility to help the districts.

Mr. NATCHER. Can a school district not eligible under the Emergency School Aid Act receive assistance under title IV?

Mr. MINTER. Yes, sir.

Mr. NATCHER. Under what circumstances would this be possible?

Mr. RHODES. As you know, districts applying for ESAA assistance are reviewed by the Office for Civil Rights for the title VI compliance. If there are compliance problems they are ineligible for ESAA unless the problem is remedied or they are able to get a waiver. Since districts applying for title IV assistance are not subject to OCR clearance, it is possible for a district ineligible for ESAA to get a title IV award. Baltimore and Lorain, Ohio are examples of districts that might get an award under title IV, but would not be able to get an award under the Emergency School Aid Act.

Mr. **Natcher**. All right.

Mr. Michel?

Mr. **Michel**. Thank you, Mr. Chairman.

DEFINITIONS OF MAGNET SCHOOL AND DESEGREGATION

Doctor Minter, for the record would you define for me a magnet school. Then, also define for me desegregation, and tell me the difference between desegregation and integration.

[The information follows:]

Definitions of Emergency School Aid Act Terminology

Magnet schools for desegregation purposes under the Emergency School Aid Act are programs, courses of study and/or teaching methodologies which are not generally offered at a grade or age level within a school district, designed specifically to attract substantial numbers of both minority and nonminority students.

Desegregation for Emergency School Aid Act purposes means the assignment of children or faculty to public schools and within such schools without regard to their membership in a minority group. It does not mean the assignment of such persons to or within public schools in order to overcome racial imbalance.

Integration in a school system may be considered to have been achieved when students throughout the system attend interracial classes, and when the schools and classes afford students an equal educational opportunity without regard to racial background. In addition, an integrated system includes racial heterogeneity and parity in administrative staffs, teaching faculties, and service personnel. Further, curricular and extracurricular activities and programs are designed or have been redesigned so that they appeal to and include racially heterogeneous groups of students.

DESEGREGATION EXPENDITURES

Mr. **Michel**. Now, do you have any figures as to the total amount spent per year on desegregation activities such as busing, magnet schools, etc., by all levels of government?

Mr. **Minter**. No; we don't have that figure.

Mr. **Jordan**. Not all levels of government, no, sir.

Mr. **Minter**. Perhaps we could get an estimate.

Mr. **Jordan**. We can provide that for the Office of Education, but not for all levels.

Mr. **Michel**. Do the best you can for the record, what we are doing Federal-wise, and the States, as I am curious to know what the States are doing specifically in this regard, too.

Mr. **Minter**. There are many States, Mr. Michel, that are providing funds for desegregation, and we know that some States, in fact——

Mr. **Michel**. Put those figures together so we can have them all in one place, would you, please?

[The information follows:]

Desegregation Expenditures Throughout the Nation

Local and State Boards of Education cannot provide, on short notice, the exact expenditures that relate entirely to school desegregation. As one example, however, the Boston Public School District estimates its total desegregation expenditures at $8 million per year. The Massachusetts State Department of Education estimates its desegregation related expenditures at roughly $2 million per year. While local and State desegregation related expenditures are not available at this time, the Office of Education's expenditures for desegregation activities are listed as follows:

ESAA	1979	1980
Bilingual education	$8,600,000	(1)
Educational television and radio	6,450,000	$9,858,000
Special programs and projects	70,000,000	95,769,000
Evaluation	2,900,000	2,964,000
Magnet schools; pairing; and neutral site schools	25,000,000	35,209,000
Grants to nonprofit organizations	17,200,000	15,000,000
Pilot projects	32,250,000	(1)
Grants to LEA's	137,600,000	137,600,000
Subtotal	300,000,000	296,400,000
Training and advisory services	41,350,000	57,700,000
Total	341,350,000	354,100,000

[1] Funded under Title VII, ESEA.

FORMULA GRANT PROGRAM

Mr. **Michel**. The general formula grant program obviously does not rank at the top of your priorities, and if that is the case why not just totally discontinue the program?

Mr. **Minter**. You are speaking of the State apportionment?

Mr. **Michel**. Right.

Mr. **Rhodes**. There are still certain problems existing in districts that can best be taken care of by the State apportionment. Just because a desegregation plan is not recent does not mean districts desegregated four or five years ago could not still have certain problems they need to deal with.

Mr. **Michel**. How long are you going to say that? If you and I are back here five years from now, is that going to be a stock answer?

Mr. **Rhodes**. To be very candid about it, I think you would have to actually go out in the district before you could make a judgment, because the principal of the school is the one who has to open the door each Monday morning.

Consequently, I think you would have to make an assessment there, and I think that the whole question of race and color in our country indicates that it is not something that is finished.

When you talk to the superintendents or the persons who work with Southern school districts that have done an excellent job, excellent in the sense of having done away with the dual school system, they indicate to you that they still have difficulties with suspensions of minority students.

In fact, this is one of the major problems that we have in desegregated schools. You also have the question of segregated classrooms in desegregated school systems, so it's not something that ends simply because you reassign the students.

Mr. **Michel**. I was going to ask you what are the specific types of activities that funds under the formula grant program are used for. You mentioned two there. Anything more than that?

Mr. **Jordan**. Mr. Chairman, the districts that have the older desegregation plans usually refer to their problems as second generation problems. Second generation problems revolve around three areas primarily.

One is a problem that they experience in desegregation, in segregation reoccurring after a plan has been implemented. In trying to deal with this, school districts quite often try to improve their total education program to try to help stabilize the school district.

Another problem that they cite in these districts as has been indicated, is the over-representation of minority group students in those expelled or suspended. This may turn out to be one of the most difficult second generation problems that school districts have faced.

Mr. **MICHEL**. The expelling of students?

Mr. **JORDAN**. Yes.

Mr. **MICHEL**. Brought about by what?

Mr. **JORDAN**. Usually brought about by very acts of discrimination within schools based on school board policy or individual teachers or counsellors or principals in dealing with students. If you look at the statistics of those school districts you quite often find that the number of minority students suspended or expelled exceeds the number of non-minority students suspended or expelled several times, much more so than would be normal in such a situation.

These are very subtle kinds of problems that school districts are faced with.

Mr. **MICHEL**. You mean given the same offense by a white and a black——

Dr. **MINTER**. Mr. Michel, I think I can elucidate on that, having been in a school system. Very often youngsters are moved from one school to another; most of the busing and transportation in the United States has been from minority districts into predominantly white districts.

Very often two students will have an altercation. The minority student is not known to the general community and is not known to the custodians and various people, secretaries or teachers within that building, whereas the other child has been in that building for a long period of time, and though I don't think the authorities think of themselves as overtly discriminating, they are more likely to take the side of the child they know than they are the child that they do not know.

We do have, through readings and records, examples of that kind of behavior.

Mr. **MICHEL**. How do you address yourself to that problem? How do you meet it; what do you do about it?

Dr. **MINTER**. What we do is have training. I have just come out of the Wilmington/Delaware system, which is now a part of the Wilmington/New Castle County System, and what we did in preparation for that desegregation was to train bus drivers, bus matrons, teachers and auxiliary personnel to help them recognize the kinds of problems that not only may they encounter, but that they do encounter as they mix large numbers and diverse numbers of children.

Mr. **RHODES**. Another thing we do is to help them develop policies that can be published within the school community and for parents, that is, you would have parents, school people, students working on policies that you could put in print. That way students know what the policies are, teachers know what the policies are, and then when the situation arises there is less of a tendency to discriminate in the application of those policies because everybody knows what they are.

NEW APPLICATIONS FOR FUNDING

Mr. MICHEL. Of those 430 projects funded under the Formula Grant Program, how many will be from new school districts?

Mr. JORDAN. Do you mean applying for ESAA for the first time or implementing a plan?

Mr. MICHEL. Applying for first time.

Mr. JORDAN. Ten percent, about 30 to 40.

Mr. RHODES. That is on the high side.

Mr. MICHEL. You are submitting your 1980 budget, so you are estimating that is about the number in 1980?

Mr. RHODES. Yes, sir.

Mr. MICHEL. Has that been a pattern?

Mr. JORDAN. Yes, sir.

Mr. MICHEL. Where would it be kind of a uniform pattern?

Mr. JORDAN. The school districts in the 17 Southern and border States that have been implementing court ordered desegregation plans for a number of years tend to be rather constant. However, the State apportionment formula makes moneys available to all of the other States too.

Those States are the ones that represent school districts coming in for the first time. Sometimes it represents a new plan. Sometimes it's a school district that is experiencing difficulty and wishes to apply for the first time.

There has been quite an increase in the number of eligible districts applying for this from New York, California, Ohio, Indiana and Illinois.

Mr. MICHEL. How many of these projects have been funded for more than five years?

Mr. JORDAN. Again, in the 17 Southern and border States most of them have been funded for seven years when you consider the companion program prior to the Emergency School Aid Act called the Emergency School Aid Program. That operated in 1970 and 1971.

DURATION OF DESEGREGATION ASSISTANCE

Mr. MICHEL. I have to ask the question whether or not we are going the same route in this program as we are in impacted aid, starting something for good cause, but then continuing to be stuck with it even though the need may be diminishing.

Am I looking into the wrong crystal ball?

Mr. RHODES. Well, I see a difference, I think, in that there has to be an assessment made by the district of the nature of the problems. The Office of Education, namely our office, EEOP, has to agree in looking at the application that their assessment was correct, the problem still exists.

I think it's reasonable that you would expect that over time that the number would, in fact, decrease, but I don't think that there would come a time in the next few years that say the number would decrease by 50, 60, or 70 percent because there are always problems when you have students of different races together.

Another problem that is moving in on this is the question of minorities other than blacks that are in school districts. When you have the Hispanic students, in addition to the black and white students, you have situations that teachers are, generally not ready to deal with. When you have two, in fact, sometimes when you have one race schools——

Mr. **Michel**. Does that say something about our educational system?

Mr. **Rhodes**. Yes.

Mr. **Michel**. Are we correcting it?

Mr. **Rhodes**. Our program deals with elementary and secondary education.

Mr. **Minter**. I think it says more about our general society, Mr. Michel.

REDUCING FORMULA GRANT PROGRAM

Mr. **Michel**. Let me ask you one final question in this round: If we wanted to cut the formula grant program, would that legally affect funding for any other emergency aid program?

Mr. **Jordan**. No, sir.

Mr. **Minter**. No.

Mr. **Jordan**. Mr. Michel, under the amendments now we have the authority to do something we have not before, and that is to give priority to recentness and we will do that, both in discretionary funding under ESAA, as well as in the State apportioned funding programs.

Ms. **Harrison**. That relates to the earlier question about simply giving funds year after year. While it is true Federal desegration funds have now been spent for eight, nine, ten years, I think the point to be made is that we have not simply been giving the money out.

The Office of Education has looked at the state of desegregation in the Nation and asked what the proper Federal role should be. Where can we be most effective, where can we best target our funds to do the most good?

Specifically, with regard to the Education Amendments of 1978, I think there was a comprehensive assessment made of where desegregation is and where we need to go, and so while the money has continued to grow, it has been growing with some purpose.

Mr. **Jordan**. And that is reflected in the chart. For example, we will no longer have necessarily a fixed cycle to provide funds when a school district applies for money. A school district applies when they have a problem, whatever the problem is.

Mr. **Michel**. That makes sense, and you see why I express the concern on the other side of that, that if it just comes so natural then we tend to refrain from looking at it as closely as we ought to.

Mr. **Rhodes**. I think during the last two years in particularly we have looked very carefully at the targeting of funds and making certain that the activities were linked in some way to desegregation. We have had some studies; we have had the General Accounting Office look at the program and make certain suggestions, and that was one of their major suggestions, to make certain of the linkage.

We have made a very special effort in that area.

Dr. Berry. And I might add, too, Mr. Michel, the Congress looked at this whole issue of apportionment and whether the funds should still be going to the Southern States and the like, when they reauthorized the legislation, the Education Amendments of 1978, and it was decided to cap the apportionment formula at that time.

There was a general recognition there were these second and third generation, third generation now almost, problems that they have been referring to in some of these Southern and border States.

Mr. Michel. Thank you, Mr. Chairman.

Mr. Natcher. All right.

Mr. Early?

QUALITY OF EDUCATION

Mr. Early. Thank you, Mr. Chairman.

Doctor Berry, over the years I have been more impressed with you than most everyone else who has testified here. It has seemed to be more important to you to reach our goals rather than simply to establish the statistics.

Now, when you say successful desegregation, does that translate into improved quality education? In States that have desegregated have they accomplished the goal of improved quality of education?

Dr. Berry. I should have known, Mr. Early, when you congratulated me, you were going to ask me a very tough question, and I should have expected it.

But thank you for the congratulations and I will try to answer it.

What I meant was there have been some studies of the achievement of students in districts where there has been desegregation, and those studies, which we just recently reviewed again, indicate that desegregation has no harmful effect on the achievement of white children, that is, their achievement does not decrease generally as a result of the desegregation that has taken place.

It indicated that if desegregation takes place in the early grades, the first three or four grades, that the achievement of the black children will improve, that is, they will make higher test scores, read better and so on, in the desegregated setting.

There have been studies of other effects of desegregation, the whole issue of white flight and all of the rest of the issues that are very controversial, and you have people arguing on both sides, but I think there is general agreement if desegregation takes place early, the first three or four grades, and if you have community support for it, which you don't always have, that, indeed, you can end up improving achievement for blacks and not harming the achievement of white students in those settings.

Mr. Early. What alarms me, though, Doctor, is that we seem to have more outreach, and more studies but less implementation for improvement.

If I had heard testimony that the medical schools were getting more minority applicants, then I would say that something is working. Never mind all of the studies and all of the statistics. The testimony before the committee is that the medical schools are getting less minority applicants. So I don't see where spending dollars is really improving the situation.

Dr. **Berry**. If I may, in general terms there are more minority students graduating from high school and going on to college, graduating now than before the *Brown* decision, before 25 years ago, the percentage of them in that population that are going on to college.

Mr. **Early**. You know, Doctor, you are always talking about percentages. Secretary Califano is excellent with percentages and statistics. There was a very simple question asked here with regards to alcoholism which we spent millions of dollars on. How has it improved over the years? It has not.

I think we are doing the same in education. I see all of these programs, but I can't see us improving the quality of education, and that's the most important concern.

Dr. **Berry**. To avoid too many numbers and percentages, there are just more minority students, more black students in particular who are going on to graduating from high school, going on to college and graduating now than there were if you looked at the years before *Brown*.

There have been tremendous improvements.

MINORITIES IN PROFESSIONAL SCHOOLS

Mr. **Early**. Why, Doctor, is there a decreasing number of minorities going into professional schools?

Dr. **Berry**. There are several reasons that have been given by folks who work in those professional schools.

I will avoid numbers.

One reason is that they think black students who would have gone to medical school or who would have applied to medical school now are applying to a wider range of fields because they now know about that wider range of fields.

Years ago, for example, even when I came out of college or high school, which was years ago, if you were black you thought about teaching, preaching, being a doctor, perhaps, if you could go to medical school, or being a porter or maid.

I mean, that was about what you thought about as professional opportunities that were open to you. Now, students are taught by counsellors and people in school that there are other fields to go into, so you have some of the folks who go into the sciences, for example, as undergraduates, not applying to medical school and applying to graduate school to go to be physicists or engineers.

MINORITIES IN LAW SCHOOLS

Mr. **Early**. What about the number of minorities in law school? Have minority applicants increased? Can you give us statistics in this area?

Dr. **Berry**. Yes. We can give you that there have been increases in the numbers of folks applying to law schools. There were first increases in applicants to medical school, and they have now decreased. In other areas there are increased numbers of applicants and we can give you some numbers.

It's clear, in fact, there are more going on. We are concerned about the numbers of applicants to medical school, and that is why in another part of this budget we talked about the new biomedical program we are funding to try to focus people's minds on medicine, again as a place where they ought to go.

Also, black people listen to political commentary like everybody else, and they know how the Secretary and everybody else has talked about there are too many doctors. But one may not focus on the Nation while there are too many doctors, there are not enough serving underserved communities and there are still opportunities and demand there.

So we are trying to focus people again on the notion of being doctors.

Mr. **Rhodes**. Might I add something?

One of the things has to do with the high cost of going to medical school.

Mr. **Early**. When tuition goes to $13,500, you have to assume that cost doesn't mean anything. I suggested to him that the HEAL program is self-defeating but he suggests it is not.

Dr. **Berry**. The argument is, of course, as you know, since you have been in the interchange, that a doctor makes so much in the way of income they can, in fact, pay those loans back in HEAL, and that it's such a good risk for banks.

Mr. **Early**. It depends on whether they become general practitioners. They have to go into specialties to pay off their obligations under HEAL.

But, Doctor, I see us spending more money in education, but I don't see us getting any closer to our goals.

Let's talk about successful desegregation, and the route of increased funding in hiring more professionals. I don't see that as effective. This country is too big. There are too many States and cities and towns for you to tell me you are going to send people to school committees and get your purpose better translated than to by just putting out directives from Washington.

We know if you put out directives from Washington not everyone is going to read them. I just say that when we use money that way we are not going to accomplish our goal of attaining quality education.

I see education as the source of real progress in our society.

However, I think we keep implementing new outreach, and we are not improving quality. We get a different set of statistics, but we don't get more minorities and underprivileged reaching our goals.

PUBLIC CONFIDENCE IN EDUCATION

Dr. **Berry**. Mr. Early, if I may say so, one of the depressing things about the general public's decline in confidence in education is that people do focus on what they see as the problems, and when they do, those problem areas, the people they hear about who are functionally illiterate, the people they hear about who didn't apply to this school or that, who didn't get in or do well, they failed to note that the numbers—and numbers are important, they do show something—the numbers do indicate there are more people learning more than they ever have in the history of any country in the world in this country right now, and there are more minority kids being educated, more underprivileged kids of all races who are being educated and who are going on into professions and doing well.

We need more jobs on the other end for some of them. But this is just the fact, and there are more people literate in this country than there are illiterate.

So we should not let the fact of the problems obscure our vision of the successes.

Finally, Mr. Early, we don't know what, in fact, would have happened if we had not had all of these Federal programs. I mean to argue, if we had not had them, things would have been better; I am not sure they would have been better.

Mr. **Early**. Doctor, I look at the budget and there is just too much outreach for me. When we have to keep promoting and promoting to attain goals, that is when the public perceives waste.

REPORT OF THE NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

Mr. **Minter**. Mr. Early, I would like to add to that and perhaps submit for the record, with your and the Chairman's permission, the report of the National Assessment of Educational Progress, which indicates that across the country children are reading better and are performing better at certain grade levels in schools. And that, as you know, this is not a unitary problem.

RESULTS OF TWO NATIONAL READING ASSESSMENTS

Some Performance Up; Some Down

Results from National Assessment's second survey of reading skills spices up the education scene with some intriguing new facts . . . and subsequent vexing questions.

The findings show dramatic improvement in reading abilities among black 9-year-olds and a general improvement among all youths of that age in the four years between NAEP's first (1971) and second (1975) reading assessments.

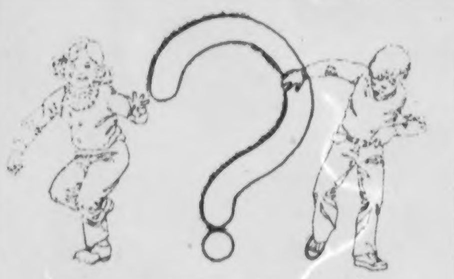
During the same period, reading levels of 13- and 17-year-olds remained stable.

NAEP surveys have detected declines in other learning areas such as science and writing. And there have been nationwide reports of sagging scores on a variety of college entrance tests.

Why, then, is reading apparently "bucking the trend"?

Does it mean that the drift downward in competence and skills of students is being reversed?

National Assessment's role is not to provide the answers. But it can give the facts. Here are some facts from the NAEP reading assessments.



National Assessment results are presented for males and females.

NINE-YEAR-OLDS

Overall results

A national probability sample of more than 2,500 9-year-olds answered each of the 57 items in the two National Assessment reading surveys.

On all reading items, the average percentage of children who were able to answer the items correctly increased 1.2 percentage points during the four-year period between the first and second assessments. An increase of 1.2 percentage points indicates that approximately 50,000 more 9-year-olds are able to respond correctly to a typical reading item.

A significant 2.8 percentage-point increase was found for the Southeast region. This region is now only 3 percentage points below the national average. The reading levels for the West, Central and Northeast regions have not changed significantly.

The average percentage of black 9-year-olds answering correctly increased 4.8 percentage points while the average reading performance of white 9-year-olds increased by 1.3 percentage points; however, black children are 13 percentage points below their white counterparts in overall reading levels.

The percentage of males aged 9 answering correctly increased by 1.4 percentage points, but as in the first reading assessment, females in this age level are still performing slightly better than males.

There was an increase of 1.4 percentage points in correct responses among children whose parents had graduated from high school but had no further education.

For children whose parents had no high school education there was an increase of 2.4 percentage points in correct responses, bringing their average achievement level to 8 points below the national level.

No change in reading levels was detected for the 9-year-olds whose parents had attended high school but did not graduate. There was also no change in reading levels for children whose parents had continued their education past high school.

A significant increase of 2.3 percentage points was found for children who attend schools in areas where the town's population is less than 25,000. Achievement levels did not change significantly for children who live in other types and sizes of communities, such as high-socioeconomic urban areas, low-socioeconomic urban areas, urban fringe, medium-sized cities (25,000 to 200,000 population) and rural areas. As in the 1971 reading survey, average reading performance level for children living in high-socioeconomic metropolitan areas is still 6 percentage points above the national level of performance, and the performance level for children in low-socioeconomic metropolitan areas is still 10 percentage points below the national level.

Literal comprehension

Nineteen of the reading items measured the skill of literal comprehension,

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National Assessment of Educational Progress / Suite 700 / 1860 Lincoln St., Denver, Colo. 80295

A project of the Education Commission of the States
Funded by and under contract with the National Center for Education Statistics, Office of the
Assistant Secretary for Education, U.S. Department of Health, Education and Welfare

Improvements and Declines Mix With

which is defined as being able to locate or remember the exact meaning of a word, sentence or paragraph.

There was no change in the average *national* performance level of 9-year-olds on reading items dealing with literal comprehension skills.

However, between 1971 and 1975:

- The percentage of Southeastern 9-year-olds answering these items correctly increased by 3.4 percentage points.
- The achievement level for black children increased 4.8 percentage points.
- The performance level of children whose parents had high school educations increased 2 percentage points.
- There were no significant changes in reading achievement levels for the other reporting groups.

Inferential comprehension

The 27 reading items on inferential comprehension required 9-year-olds to pick ideas that were not explicitly stated from written material. The readers had to use the information in the passage along with their personal experiences and thinking abilities to make predictions, form generalizations, reach conclusions, make comparisons, form judgments or create new ideas.

There was no change in the *national* achievement level of 9-year-olds on this set of exercises.

However, between the two assessments:

- The percentage of black 9-year-olds responding correctly increased by 3.7 percentage points. *But* the average reading peformance level of white children is almost 14 percentage points higher than the performance level for black children.
- The average performance level of children whose parents had no high school education increased 3 percentage points.
- A significant increase of 2.1 percentage points was found for children who live in towns with populations of less than 25,000.

No significant changes were detected for any of the other reporting groups.

Reference skills

In this category two basic types of reference skills are generally identified: (1) knowing the correct resource for needed information and (2) finding an answer in that resource. The assessments contained eight reference skill items.

Nationally, the average percentage of children able to answer correctly these reference skill items increased by 2.2 percentage points.

On this set of items the achievement level of 9-year-olds in the Northeast region increased by 2.9 percentage points.

The percentage of males responding correctly increased by 2.1 percentage points, while 9-year-old females responding correctly increased by 2.3 percentage points.

The country has been divided into Southeast, West, Central and Northeast,

The increase in the percentage of black children respopding correctly was 7 percentage points. The increase for white children responding correctly was 2.2 percentage points.

There was a 3.6 percentage-point increase for 9-year-olds who attend schools in towns with populations of less than 25,000.

There were no significant changes for the other reporting groups.

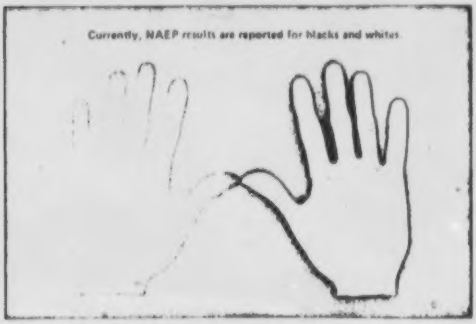
THIRTEEN-YEAR-OLDS

Overall results

Eighty-five reading items were given to 2,500 13-year-olds in both assessments. Analysis of the entire set of items revealed no significant change for any group. In general, 13-year-olds were reading at about the same level in 1975 as in 1971.

In both 1971 and 1975 assessments:

- Female achievement levels remain



Currently, NAEP results are reported for blacks and whites.

Status Quo in Reading Assessment

Four regions for NAEP assessment

increased in reading ability by 2.6 percentage points.

Inferential comprehension

There is a slight decline in achievement levels for nearly all reporting groups on the 24 inferential comprehension items.

Reference skills

On the nine reference skill items, average performance levels of 13-year-olds in almost all reporting groups tended to decline. Nationally, there is a decline of 1.8 percentage points.

The average percentage of females responding correctly decreased between the two assessments by 2.4 percentage points, but the female achievement level is still about 3 points higher than the male achievement level.

Declines were also observed for students whose parents had attended high school but did not graduate (down 6.7 percentage points) and for students whose parents had graduated from high school but did not obtain further education (down 2.4 percentage points).

There was a decrease of 4.7 percentage points in the average performance level of students who attend schools in cities which are not a part of large urban areas but have populations of 25,000 to 200,000.

SEVENTEEN-YEAR-OLDS (IN SCHOOL)

Overall results

The analysis of the average results for the 85 items administered to 2,500 17-year-olds who were in school did not reveal any significant increases or decreases in reading achievement levels between the 1971 and 1975 assessments.

In both surveys:

- The Southeast region remains about 4 percentage points below the national level of performance, while the Northeast and Central regions are about 2 points above the national level. The West is about 1 percentage point below the nation.
- Female achievement continues to be about 3.5 percentage points higher than male achievement.
- The difference between the average percentages of black and white 17-year-olds answering correctly is still about 19 percentage points.
- Low-socioeconomic metropolitan area performance continues to be 9 percentage points below the nation.

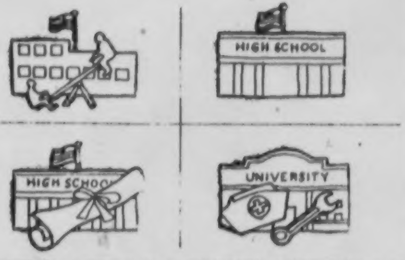
about 5 percentage points higher than male achievement levels.

- The performance level of white 13-year-olds is about 17 percentage points higher than the performance level of blacks.
- The Southeast region performance level is about 4 percentage points below the nation. The Central region is about 3 percentage points above the nation. The West and Northeast performance levels are about the same as that of the nation as a whole.
- The low-socioeconomic metropolitan area is about 12 percentage points below the nation, while the high-socioeconomic metropolitan area is 8 percentage points above the nation.

Literal comprehension

Significant increases in performance levels on 52 literal comprehension items were found for only two reporting groups. The 13-year-olds in the Southeast region increased by 2.7 percentage points and the students from small-town areas

Four categories of parental education are defined by National Assessment: those whose parents have had no high school education, those who have at least one parent with some high school education, those who have at least one parent who graduated from high school and those who have at least one parent who has had some post-high school education.



*U.S. Government Printing Office: 1977-781-609/142 Region 8 and high-socioeconomic metropolitan area performance is 7 percentage points above the nation.

Literal comprehension

On the 49 literal comprehension items there were no changes in the average percentages of correct responses for the nation or for any of the reporting groups, except for the students who live in small cities or towns that are not classified as rural. This group increased its achievement level by 1.7 percentage points.

Inferential comprehension

For the 24 items in this category, on the average, there were slight declines in achievement levels for the nation and for many of the reporting groups.

The decline in the average reading level for 17-year-old females is 1.6 percentage points; this average is about 3 percentage points higher than the average for the males, who also show a tendency toward decline (down .4 percentage points).

The performance level of students who come from families where at least one parent is educated past high school declined 1.9 percentage points between the two assessments.

Reference skills

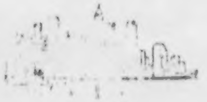
There were 11 items measuring knowledge of references and locational skills. No significant changes in performance levels were detected.

In both 1971 and 1975 reading assessments:

- Performance of 17-year-olds in the Southeast region is 6 percentage points below the national level. The Northeast and Central regions are 2 and 3 points above the national level, respectively. The West is 1 percentage point below the national level.
- The average difference between white and black 17-year-old performance levels is about 25 percentage points.
- The average achievement levels for students whose parents did not attend high school, or who attended but did not graduate, are between 15 and 10 percentage points below the national level, respectively.
- Low-socioeconomic metropolitan area performance levels are, on the average, 11 percentage points below the national level, while high-socioeconomic metropolitan area performances are 9 percentage points above the national level.

It is the policy of the Education Commission of the States to take affirmative action to prevent discrimination in its policies, programs and employment practices.

NAEP identifies community types both by the size of the community and by the type of employment of the majority of residents.

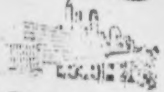


High-socioeconomic (affluent) urban: Areas in or around cities with a population greater than 200,000 where a high proportion of the residents are in professional or managerial positions.

Low-socioeconomic (disadvantaged) urban: Areas in or around cities with a population greater than 200,000 where a high proportion of the residents are on welfare or are not regularly employed.

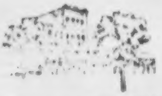
Rural: Areas with a population under 10,000 where most of the residents are farmers or farm workers.

Urban fringe: Communities within the metropolitan area of a city with a population greater than 200,000, outside city limits and not in the high- or low-socioeconomic urban groups.



Main big city: Communities within the city limits of a city with a population over 200,000 and not included in the high- or low-socioeconomic urban groups.

Medium city: Cities with populations between 25,000 and 200,000.



Small places: Communities with a population of less than 25,000 and not in the rural group.

Reading reports available through National Assessment: Reading in America: A Perspective on Two Assessments, Report No. 06-R-01, 1976 ($1.25 per copy). **Recipes, Wrappers, Reasoning and Rate: A Digest of the First Reading Assessment,** Report No. 02-R-30, 1974 ($1.10 per copy) plus 11 other reports from the first reading assessment in 1970-71. To order or receive titles and prices of other reports, write to the address at the bottom of page 1.

It's a problem of our total society, and what we are doing here in the Emergency School Aid Act is attacking one facet. We are attacking the facet of desegregation within communities which is reflected in schools. Not only is it difficult, as Dr. Rhodes has said, for teachers to teach two children of diverse backgrounds, two groups of children within a class room but, again, our readings tell us that where there are three groups of children, if you have Hispanic and black and you have Anglo children in the classroom, that the teachers tend to relate to two groups, with one left out, whichever those groups are.

We also are very much interested in setting climate. There are other reports that indicate the push-outs and the drop-outs and so forth, and we are trying to keep children in school much longer. Not only are we keeping them in school longer, but I think they are achieving more. But, education is a very, very long, long haul.

Finally, there is a paper that was done by Ralph Tyler, a renowned educator, who compared American education with education abroad. Not just in terms of dollar amounts, but in terms of the public perception, the students who finish American high schools, public schools, do just as well or better in most areas than the children who finish schools abroad, even though the clientele is much more restricted.

Mr. **Early**. My ten minutes are almost up.

We had Attorney General Bell coming to my other subcommittee telling me that there is less crime. Well, there is not less crime.

Now, my point is this—we are spending over $12 billion yet the statistic that impresses me the most is when you tell me we are educating more of the underprivileged. Why wouldn't we be better off putting all of the money into programs to educate the underprivileged both in higher and secondary education?

Dr. **Berry**. You mean desegregation money?

RESULTS OF DESEGREGATION IN MASSACHUSETTS

Mr. **Early**. No; that is here. These administrative costs are what are frustrating and infuriating the public, and it is disappointing to me. You say that we are educating more minorities, and I say that that is the best solution to our long range goals and our social problems. But why aren't we better off in all of the outreach type programs in the magnet schools?

Doctor, I have not seen it working.

Would you supply for the record, with the Chairman's permission, what the results are in desegregation in Massachusetts as far as its being successful or unsuccessful in the magnet schools? I am not trying to put you on the spot, but I just want to find out where we are going.

Dr. **Berry**. Yes, sir.

[The information follows:]

Desegregation in Boston

In Massachusetts the city of Boston has the majority of the black population in the State. The results of Boston's desegregation have been successful in meeting court order requirements. The success of magnet schools has been judged by the ability of the magnet school to attract students of different races. Based on that criterion, Boston's program is successful.

ACCESS TO QUALITY EDUCATION

Mr. EARLY. I still think the most effective statistic you gave me is that we are educating more underprivileged, which is excellent. But why wouldn't we be better off in simply making monies available for them to attend high school, college and graduate schools?

Ms. BEEBE. Mr. Early, I would just like to point out the chart on the goals of the 1980 budget. I think 90 percent of the Office of Education's 1980 budget proposal before you is driven to help students attain one kind or another of access to a quality education.

In one of our two biggest programs, title I of the Elementary and Secondary Act, we have firm evaluation data that shows we are taking students whose educational attainment is low and we are moving them up toward grade levels. In our basic educational opportunity grant, our second largest program, we feel we are approximating the goal of reducing financial barriers, if not eliminating them.

Supporting these positive evaluation fundings of our programs for these students are the general statistics from the Census Department which shows that for all classes of students and particularly for minorities, they are completing more years of school and that earned incomes are increasing and that this is in direct proportion to numbers of years of schooling completed.

The national assessment data, which is measured over a two or three year period, just in the years we have been before this committee, show children are learning more in the basic skills, and that the absolute amount of reading and math achievement they have has been increased.

So, I think we have some very good stories to tell, not only about our Federal programs, but about the state of education as a whole.

Mr. NATCHER. All right.

DISCRETIONARY FUNDING IN ESAA

Mr. NATCHER. The committee will come to order.

You are requesting $5 million in discretionary funding for schools needing immediate desegregation assistance. How would this program differ from emergency special projects for which you are seeking $70,769,000 in 1980?

Mr. JORDAN. Emergency special projects are primarily designed to provide assistance in the programs that we have outlined on the chart. These funds are targeted primarily for three things: one, to deal with some of the cities that have severe unmet needs such as Buffalo, Boston, Detroit, Kansas City, Seattle, and Los Angeles. The second thing that we intend to use these funds for is to deal with court orders or voluntary desegregation that occurs too late in the year for the district to apply for other funding. Third, our primary goal here is to try to achieve voluntary desegregation as an alternative to court-ordered desegregation.

EMERGENCY SPECIAL PROJECTS

Mr. NATCHER. For emergency special projects you requested $70,769,000, an $18.5 million increase over last year. What is the justification for such a large increase?

Mr. **Jordan**. Last year there was a $25 million supplemental appropriation to meet needs in special projects. This figure takes into account that supplemental appropriation.

Mr. **Natcher**. To which areas of the country would the increase be directed?

Mr. **Jordan**. This is national competition and it would be available to any school district in the nation which was moving into desegregation.

Mr. **Natcher**. How many special emergency projects do you expect to fund in 1979, and how many in 1980?

Mr. **Jordan**. We expect to fund in 1979 approximately 70. In 1980 we expect that to go up slightly.

Mr. **Natcher**. For the record, insert a list of the school districts with emergency projects in 1978 and 1979 to date.

[The information follows:]

SCHOOL DISTRICTS RECEIVING EMERGENCY SPECIAL PROJECTS AWARDS

Awards for 1979 have not yet been made. Districts receiving emergency special projects awards in 1978 were:

Alabama: Greene County Board of Education	$45,277
California:	
Inglewood U.S.D	11,408
Los Angeles U.S.D	3,615,654
Los Nietos School District	65,010
Vallejo City U.S.D	240,321
Colorado: Denver School District No. 1	110,387
Delaware: New Castle County Planning Board	6,614,100
Kentucky: Jefferson County Board of Education	1,143,946
Massachusetts:	
Boston Public Schools	2,844,632
Metropolitan Planning Project	89,186
Springfield Public Schools	159,577
Michigan:	
Detroit Public Schools	2,610,994
Ecorse Public Schools	66,019
Lansing School District	735,640
Ypsilanti School District	272,319
Minnesota:	
Minneapolis Public Schools	671,863
St. Paul Independent School District No. 625	488,322
Mississippi: Laurel Municipal Separate School	117,676
Missouri:	
Kansas City School District	2,926,578
St. Louis Public Schools	624,574
Nebraska: Omaha School District	1,641,288
New Jersey:	
Bayonne City School District	456,816
Elizabeth Board of Education	324,300
Morris School District	102,666
New York:	
Buffalo City School District	824,412
Mount Vernon Public Schools	274,994
Ohio:	
Cleveland Public Schools	1,630,918
Mansfield City School District	177,791
Oklahoma:	
Millwood Public School	88,761
Red Rock I-3	94,728

Texas: Austin Independent School District	77,626
	77,626
Washington: Seattle School District No. 1	4,084,574
Wisconsin: Milwaukee Public Schools	2,702,280
Total	$35,934,637

STATE AGENCY INCENTIVE AWARDS

Mr. NATCHER. You request an increase of $2 million to help State agencies provide technical assistance and training to local school districts with voluntary desegregation plans. Why can't this be supported under the budget increase of Title IV of the Civil Rights Act?

Mr. RHODES. One of the things we want to be able to do is to have the State agency be able to deal with all of the districts that are there. Under Title IV we are dealing only with districts where there has been a determination that the districts have been guilty of illegal separation of students.

We would like the States also to be able to deal with voluntary desegregation which would involve those districts that have not been guilty of illegal discrimination against students but want to make things better with respect to the isolation.

So we have complementary programs for the States. On the one hand, Title IV dealing with illegal separation of students; under the Emergency School Aid Act dealing with situation where people voluntarily want to do something about it.

Mr. JORDAN. That also conforms to the 1978 amendments. Congress indicated its desire for State departments to take a greater leadership role in school desegregation. That was not always possible for State departments to do under Title IV of the Civil Rights Act; therefore, this program was written into the 1978 amendments and it is a matching program. These funds are to implement that program.

SPECIAL ARTS AND STUDENT CONCERNS

Mr. NATCHER. You also show an increase of $2 million for other special projects such as special arts and student concerns. Explain this program and tell us why you need an increase of $2 million.

Mr. RHODES. With respect to the arts, we feel that that particular program has been one of our most successful programs. We have found that the program is one that parents, teachers and administrators accept. It brings about a degree of desegregation without some of the confrontations that we have in other places. We feel that it is a program worth supporting here.

With respect to student concerns, we spoke earlier this morning about the suspension of students. We feel that this particular category is one that we have to work very hard on and give support to those components out of the field that want to address the problem. We feel that it is a growing problem and that we want to keep a handle on it. Consequently, we have asked for the increase in funds.

Ms. BEEBE. Mr. Chairman, there is one other small increase and that is in the jurisdictions other than States. We now have newly eligible the Marianas for funding so they would be part of the increase.

LEA PLANNING GRANTS

Mr. Natcher. You have a request of $2 million for local school district planning grants. What is the criteria for eligibility?

Mr. Jordan. A school district applying for a planning grant does not have to meet the same criteria as a school district applying for regular ESAA assistance. A school district ordered by the court to develop a desegregation plan may apply for a grant to develop that plan, or a school district that wishes to reduce, eliminate or prevent minority group isolation from occurring voluntarily may apply for a grant under that to develop such a program.

Mr. Natcher. How do you plan to distribute the $21 million?

Mr. Jordan. Again, this will be national competition and school districts that are planning to develop a plan will submit an application.

MAGNET SCHOOLS

Mr. Natcher. For magnet schools, pairing and neutral sites, the budget is $35,209,000, which is an increase of $10,209,000. Can you tell us anything specific about the effectiveness of magnet schools?

Mr. Jordan. We find the effectiveness of magnet schools to be greater when they are a part of a more comprehensive desegregation plan and where they are located in a school system or city that lends itself to attracting students from different ethnic groups.

Mr. Natcher. Generally speaking, how does a magnet school differ from other schools?

Mr. Rhodes. A magnet school usually has a curriculum that is different from one you find at other district schools. You could have a school that was devoted to the arts. You could have a school that was devoted to technology. You could have a school that was devoted to drama. It is really a special-interest type of school that has something that is different, not found in other schools, that would attract students to it.

Mr. Natcher. Mr. Early.

Mr. Early. On that last question, on magnet schools, you suggest that they are more effective when they are integrated with a voluntary desegregation program. I thought when you started those schools it was with the idea that there would be desegregation?

Mr. Jordan. The magnet schools program that is funded separately under the Emergency School Aid Act is primarily designed to serve as a means of achieving voluntary desegregation.

Mr. Early. If it is that amendment of 1978, we had magnet schools back when Boston was implementing desegregation. I thought the magnet school was to make the desegregation implementation more effective, but now you are telling us it is more effective with a voluntary-type desegregation.

Mr. Jordan. For this particular funding of $35 million this is a special program set up two years ago by Congress to provide special funds for magnet schools for districts to try to achieve desegregation voluntarily rather than being ordered to do it by court. Court-ordered desegregation can also include magnet schools as part of that plan to desegregate schools also, but those districts are generally funded under the basic ESAA program. These particular dollars are available only for operating magnet schools where enrollment is voluntary.

Mr. **Early**. What was the idea of the magnet schools four years ago when Boston had their integration?

Mr. **Jordan**. The same purpose.

Mr. **Early**. It was not a voluntary-type program?

Mr. **Jordan**. No, it was part of a comprehensive desegregation plan, but attendance at those schools funded under ESAA had to be voluntary.

Mr. **Early**. So you have changed the role?

Mr. **Jordan**. No. In Boston the court ordered some magnet schools, it ordered some schools paired, it ordered some boundary changes. Magnet schools were a part of an overall plan ordered by the court.

Mr. **Early**. I read an article by the Superintendent of Schools in Detroit that said the magnet schools were not very effective. How do you comment to that?

Mr. **Rhodes**. I also saw that particular comment. I think there were some others who made comments around the same time. I think the Superintendent from San Diego indicated that he felt that the magnet schools were very effective. I think it depends upon the location.

Mr. **Early**. Don't you think any time there is any funding for any program there is going to be some advocate?

Mr. **Rhodes**. But I think that it depends upon the place. I think that magnet schools are not universally the kind of program that should go into all districts. I think that one of the things Mr. Jordan mentioned had to do with the location of the school and it being part of a plan. I also think it is quite possible that the racial composition of the school district is also a factor in whether or not they are successful.

Mr. **Early**. Certainly with the problems of Detroit there would be problems anywhere.

Mr. **Jordan**. We found that the success of magnet schools to achieve voluntary desegregation also has a relation to the percentage of minority group students within the school district. The city of Detroit has a very high percentage of minority group students. The chances of success there for a magnet school to totally achieve voluntary desegregation is much less than it would be in a school district with a smaller percentage of minority students.

GRADUATES OF MAGNET SCHOOLS

Mr. **Early**. Do you have any statistics—I am sure you do; you have statistics on everything else—on what happened to the graduates from the magnet schools?

Mr. **Minter**. I do not think we have any specific statistics on that, but we do know that magnet schools also have a dual purpose, that they improve the quality of education at the same time that they provide an opportunity for desegregation. Improving that quality of education would indicate that there are students in the magnet school who, because of their interest in the specific courses that school is giving, are achieving.

INCREASED FUNDING FOR MAGNET SCHOOLS

Mr. **Early**. Are you looking for a 40 percent increase in funding for the magnet school? Do you think it has been that productive a program that that should be where we should be putting our monies?

Mr. **Minter**. We believe it is a very attractive program to school districts, especially school districts that still have a chance of getting a great deal of desegregation, especially if those schools are located in largely separated areas. And if we have one of a kind, let's say if a city has three magnet schools and each is different, then we get a cross movement of children voluntarily.

Mr. **Early**. How many magnet schools do we have?

Mr. **Jordan**. Fifty-three funded in 1978. In fiscal year 1979 we have 69 school districts that have applied for funds.

We feel that there is a justification for increasing the funds for a magnet school program from $25 million to $35 million. We do not feel, though, that we need the $75 million for magnet schools that was indicated in the 1978 amendments. That is why we think that was a technical error. Congress did not mean to really increase it three-fold, but we do think a slight increase is fair.

Ms. **Harrison**. We also intend to put greater emphasis on pairing with businesses and universities as another desegregation tool rather than just encouraging the magnet schools themselves. That is another component that we really have not encouraged as much in the past as we might, so we intend to put additional funds in 1979 and 1980 on that.

Mr. **Early**. Is there a magnet school in the District of Columbia?

Mr. **Jordan**. Not funded under this program.

Mr. **Early**. Do you think there should be?

Mr. **Jordan**. I do not think that a magnet school program of the District of Columbia is one that would fit this program's requirements.

Mr. **Early**. How many magnet schools are currently operating without emergency school aid funding?

Ms. **Harrison**. There is a Federal evaluation that was recently undertaken, and there was mention of a survey of at least 227 schools. I do not know that is the actual number which exist, but I know there must be at least that many in the country to have been included in this survey.

Mr. **Early**. How many are operating without Federal assistance?

Mr. **Minter**. They may have magnet school characteristics but they may not be called as such. I would think that it would be rather difficult to find out what that number is but we could try. For instance, the School of Performing Arts in New York City is in essence a magnet school type, but it is not operating, to my knowledge, with federal funding; the School of Aviation Trades also in New York City is essentially a magnet school.

Mr. **Early**. Weren't we better off when we identified them that way rather than throwing them under the umbrella of the magnet school, where we cannot say it is a specialist school?

Mr. **Minter**. I think the original idea was to borrow a model that did call children, or encourage children, from a large city to come to a specific school for a special interest, and then we certainly felt by adding that to desegregation we could help the desegregation process.

USE OF TITLE I FUNDS FOR MAGNET SCHOOLS

Mr. **Early**. Has Title I of the Elementary and Secondary Education Act been used to support a magnet school?

Mr. **Minter**. Not totally, because Title I has certain restrictions. There has to be eligibility.

Mr. **Early**. Can it be used partially? My question was, can it be used? You said, not totally.

Mr. **Minter**. There may be some children in a magnet school who are Title I eligible but we could not fund a magnet school out of Title I, to my knowledge.

EDUCATIONAL TELEVISION AND RADIO

Mr. **Natcher**. Describe your plan for the use of $9 million for educational television and radio projects in fiscal year 1979.

Mr. **Rhodes**. One of the things we intend to do with the television money that we may get is to institute for the first time some things on radio. The idea would be to have spots, to have serials, to have programs that deal with various cultures. The feeling is that young people do look at television and listen to radio, that we are certain of.

Mr. **Early**. What is the breakdown on television and radio?

Ms. **Harrison**. Not more than 10 percent under the statute can be used for radio, so the total amount of radio out of the $9.858 million would be approximately $985 thousand.

Mr. **Jordan**. Approximately $1 million. Radio was added for the first time in the 1978 amendments. We expect with television dollars to fund what we call two national TV series. Those are two series of tapes for home and public viewing that have national appeal.

Mr. **Early**. Why can't you maintain the same amount for 1980 instead of requesting an additional $3.4 million? That is a 53 percent increase over 1979, in this year of austerity. Evidently to get that type of increase from OMB this must be a prime project.

Mr. **Jordan**. That is the same amount that we spent last year. Last year we took discretionary funds and supplemented the amount in the setaside for TV to produce the national and regional television programs that were necessary. This year we are simply asking for the same amount, with the exception of the addition of radio.

Mr. **Early**. You used discretionary funds for that last year?

Mr. **Jordan**. Yes, sir.

Mr. **Early**. What was your discretionary fund appropriation last year?

Mr. **Jordan**. Out of the Emergency School Aid Act, $10.7 million.

Mr. **Early**. What is your request this year?

Mr. **Jordan**. $12 million.

Mr. **Early**. We used X amount of dollars out of that for this program but we do not decrease the discretionary funding and we are funding it under a different process. Don't we ever eliminate anything? This is just a shell game. I cannot understand how we say we are being fiscally responsible. You used discretionary funds to fund that last year. Now you are looking for funding, 52 percent increase from what was appropriated specifically for that program. Now you are going to fund the discretionary fund to a 20 percent increase. How do you explain that?

Mr. **Minter**. Our feeling, Mr. Early, is that we are encouraging greater desegregation, that the radio and TV programs have been very successful, that they have a wide viewing audience. Most of them are on public TV. We are trying also for other commercial outlets, but we believe this is a very worthy program.

Mr. **Harrison**. The reason we requested the amount we did is because the statute requires us to request 7 percent of the amount for Special Programs and Projects for television and radio.

Mr. **Jordan**. According to the 1978 statute, it indicated that it should be $21 million for radio and television. Again, we think that was an error and we applied the 7 percent to the Special Project figure, which brought it to this rather than the $21 million indicated.

Mr. **Early**. How many States are you going into with this radio and TV?

Mr. **Jordan**. That is national. All States.

Mr. **Early**. You have to be selective. My State has 351 cities and towns with at least one radio station in every one of them, so you are not going in every one of them. I am sure you can have an unlimited amount of money requested if you are going to cover all the districts.

Mr. **Jordan**. These shows are to produce tapes. The tapes are made available to all public and commercial broadcasting stations.

Mr. **Early**. When we use them on public TV, does it cost anything?

Mr. **Jordan**. No.

Mr. **Early**. Why do we have increased funding? Why don't we just use them on public?

Mr. **Rhodes**. One of the things we are trying to do is to increase the carriage of this, and we are funding an organization to see that this is done because we have the tapes that we have produced over the years and we thought it would be a good idea to try to increase the carriage.

Mr. **Jordan**. We are also increasing the number of tapes.

Ms. **Beebe**. You might be familiar with some of the shows: "Villa Alegre," "Infinity Factory," "As We See It," "Que Pasa, USA," "Rebop," and "Watch Your Mouth." These are some of the national TV shows that we have that we support with these funds.

Mr. **Early**. If we take that route, why do we go down the the route where you say you want to go to school committees and get additional personnel to carry your message? Why can't we just tape one message that delivers what you want to do with regard to this and send that up to all the school committees?

Mr. **Minter**. There is an in-school program as well as the program for outside. Most of the programs that we are talking about now are programs that are shown during regular broadcast hours. The in-school services are very important. It is very important that we train teachers and administrators and auxiliary personnel to work with children in school, so we see that as two different purposes.

Mr. **Jordan**. A lot of this is for home viewing. It involves the parents.

1980 FISCAL CONSTRAINTS

Mr. **Early**. As I listen to this colloquy I just cannot believe that your agency thinks there is a fiscal pinch if we are into programs like this and we are looking for a 52 percent increase in funding. Evidently you people do not think the public is serious.

Mr. **Minter**. We do recognize the fiscal pinch, Mr. Early. As we said earlier, we do feel desegregation is an unfinished agenda and we are working very hard always to increase the voluntary desegregation of schools. It is our feeling that we also improve the quality of our society at the same time we are doing this.

Dr. **Boyer**. May I comment?

Mr. **Early**. I wish you would.

Dr. **Boyer**. The overall budget for desegregation is about $355 million. That is about a $22 million increase over last year. We did identify that as one of the two or three areas where our budget showed an increase. On the other hand, the overall Office of Education budget shows about a $400 million decrease, so we struggled with priorities internally to the overall budget and we also struggled with priorities within this Emergency School Aid budget.

We show some increase, as you mentioned, in the ETV and radio programs, but the overall total—we reallocated about $30 million that was in something called Pilot programs and we distributed in other areas where we thought the impact would be greater and we would have more flexibility. I just wanted to throw into perspective the fact that item of going from $6 million to $9 million was in fact based on tradeoffs internally.

USE OF OE DISCRETIONARY FUNDS

Mr. **Early**. Doctor, do you anticipate using any discretionary money in this program this year?

Dr. **Boyer**. No, I do not. On the strategy here, I do not know how we are going to deal with the desegregation issue. I do not think we have found the keys yet, quite frankly, but I do know that it has fundamentally to do with attitudes and relationships. Some of our activities in the past have dealt with mechanisms and mechanical approaches. Some may be necessary.

Mr. **Early**. May I just make a suggestion. Money is not the solution to all problems. Desegregation is a very important item but it is not always going to be increased funding that is going to solve the situation.

Dr. **Boyer**. I respect that. I just wanted to make this point, that the increase here, in what is a relatively small program, is trying to deal with what I think is the power of communication and changing and influencing attitudes which, as I look at our culture, is probably as important a social influence as any other single factor and, if careful communication on television and radio through public service and the like can help young people and older ones think about the issues of desegregation, I think the school will benefit.

So I believe that television and radio are probably shaping our relationships even more than schools. I just wanted to note that this small item seems to create some problems. But to comment on your query, overall there is a very small increase for the total desegregation effort, and most of the increase is reflected by internal judgments as to where those dollars might best be used.

Mr. **Early**. But the public television and public radio come to us and are funded through this committee, and they come in for the funding to do what you are looking for additional monies to do what you say you do.

Mr. **Jordan**. These funds do not go to paying for the operation of any public broadcasting.

INCREASED FUNDING FOR PUBLIC BROADCASTING

Mr. **Early**. I know they do not, but the increased public TV is to cover projects such as this. So I would think if we are funding the public broadcasting to accomplish this type of goal to deliver this type of message, maybe in education the amounts of monies we would spend would diminish.

Dr. **Boyer**. May I just say you are raising an issue that, quite frankly, I am not fully informed on, but one I think we should pursue. Do you mean by that the funds for Corporation for Public Broadcasting, for example?

Mr. **Early**. They come in for increased funding because they are going to do the type of project you want specific funds for.

Dr. **Boyer**. I can only say that I am not knowledgeable about the area of their programming that is focused on this, but I certainly feel that we have an obligation to inquire of them as to what their programming is that might have these as goals. I was not as aware of that as you are reminding us now.

GRANTS TO NONPROFIT ORGANIZATIONS

Mr. **Early**. You are proposing a reduction of $2,200,000 in grants to nonprofit organizations. Your budget indicates that the reduction is based on a decrease in the authorization level. That may be a valid reason for the reduction, but what can you tell us about the need for these grants?

Mr. **Minter**. Nonprofit organizations have been very helpful to desegregation in the past. Very often they are community organizations. They do touch the community, and have helped to build bridges between school districts that are under court-ordered desegregation and the rest of the community. So they have been helpful, but we do feel that the major responsibility does rest with the school district, school district personnel, and boards of education.

Mr. **Early**. Why can't we make a large reduction in grants to nonprofit organizations?

Mr. **Minter**. We do think they are valuable, Mr. Early, so we would not advocate cutting them out.

Mr. **Early**. Do you feel this program for nonprofit organizations has been administered in an effective manner?

Mr. **Minter**. We think so.

Mr. **Early**. Are you familiar with the recently completed evaluation of the Nonprofit Organizations Program?

Mr. **Minter**. I am not.

Mr. **Rhodes**. I can speak to that. I think that one of the things that the Office of Education has had to do with nonprofit organizations and LEAs is to walk a very narrow line in terms of what sort of direction has to be given to these particular groups.

I think that the study seems to indicate that we should focus the efforts of the nonprofit groups to activities that are more related to the community than to educational programs. We have recently started with the development of regulations for 1980 to, in fact, emphasize that.

Mr. **Early**. So your office is proposing changes in the program?

Mr. **Rhodes**. It's a change in the focus.

Mr. **Jordan**. Change in the focus.

Mr. **Rhodes**. In other words, these groups would not be working on heavy tutorial programs or activities that would normally be carried on within the school district, but would be working with parents, providing programs for inter-racial groups, building the bridge that Mr. Minter talked about.

Mr. **Early**. Mr. Michel?

Mr. **Michel**. Thank you, Mr. Chairman.

[The following questions were submitted to be answered for the record.]

Emergency Special Projects

Mr. Conte. What kind of "emergency" situation would the $5 million in the Emergency School Aid Discretionary funds be used for? Please cite an example of a situation where you wish that you had had such funds available.

Dr. Boyer. An "emergency" situation involving the need for Emergency School Aid Act discretionary funds could be as follows: A large urban school district receives a court ordered desegregation plan which requires reassignment of between 50-75 thousand students. The court requires that the plan be implemented during the next semester of school. The logistics for carrying out the reassignment requirements, preparing the students, teachers and community for the changes, the adjustments required for the educational programs in the affected schools require additional resources and manpower if the plan is to be implemented effectively. The Emergency School Aid Act discretionary account is designed to provide assistance in this "emergency" situation until the district can apply for regular ESAA funds under other categories of assistance.

Special Student Concerns

Mr. Conte. Under "other special projects" of your Special Programs and Projects, you state that money may be provided for "student concerns," among other things. What are "student concerns?" How is this money applied? Please give concrete examples of uses of these funds.

Dr. Boyer. Under "other special projects," "Student Concerns" is a category of assistance in which funds are reserved for programs and projects designed to identify disproportionate suspensions and expulsions of minority students in participating school districts, study of the policies which might contribute to the disproportionate rates, and design projects which could make suspension and expulsion policies more equitable, while at the same time reducing the incidences of suspension and expulsion of minority students. One program receiving an award under student concerns has developed a students rights handbook, in which students and administrators have identified specific procedural and behavioral requirements for all students. A second program identifies students with behavioral problems and provides counseling before the student becomes a suspension referral.

Preimplementation Assistance

Mr. Conte. What is "pre-implementation assistance" for desegregation?

Dr. Boyer. Pre-implementation assistance is a category of funds under the Emergency School Aid Act that is available to districts that need supplemental educational services prior to the actual implementation of a desegregation plan. School districts that are not in violation of Title VI of the Civil Rights Act and which adopt plans requiring new or additional reassignment of students in the elementary and secondary schools of the district, may use Emergency School Aid Act funds to conduct activities that will help prepare students, teachers and the community for the reassignment before it actually occurs. Other categories of the Emergency School Aid Act are designed to provide supplemental service after the reassignment of students actually takes place.

Magnet Schools

Mr. Conte. Can you provide a breakdown of who gets grants for magnet schools? Please state succinctly the goals of magnet schools. Do you feel you are attaining your goals?

Dr. Boyer. Types of school districts that receive grants for magnet schools are those that have magnet schools as part of a court order and those that have desegregated previously but are resegregating with shifts in population. Urban school districts with declining non-minority student population have had the greatest interest in the program. Currently, 40 districts have magnet programs supported under Emergency School Aid Act and 32 are considered urban school districts. The goal of the Emergency School Aid Act magnet school program is to encourage districts that have racially isolated schools to voluntarily desegregate the school system by means of exceptional educational programs that attract both minority and non-minority students. The newness of the magnet school concept requires that school districts begin with small programs and expand with success. Successful magnet schools produce interest from other school districts. The Emergency School Aid Act magnet school program is growing and the goals of the program are proving more and more successful each year.

Magnet School Grantees

El Dorado School District #15 (AR)		$ 52,302
Chula Vista City School District (CA)		179,770
Compton U S D (CA)		208,227
Los Angeles U S D (CA)		505,889
San Diego U S D (CA)		437,011
San Francisco U S D (CA)		453,475
Stockton U S D (CA)	CA TOTAL ($2,368,157)	583,785
Bloomfield Board of Education (CT)		69,330
Board of Public Education (GA)		55,112
Kankakee School District No. #111 (IL)		61,190
Waukegan Public Schools (IL)	IL TOTAL ($103,306)	42,116
Indianapolis Public Schools (IN)		183,620
Jefferson Co Board of Education (KY)		168,317
Orleans Parish School Board (LA)		343,915
Montgomery Co Public Schools (MD)		144,841
Boston Public School (MA)		111,465
Lawrence Public Schools (MA)	MA TOTAL ($221,217)	109,752
Inkster Public Schools (MI)		63,022
School District of the City of Highland Park (MI)	MI TOTAL ($1,156,251)	1,093,229
Independent School District #625 (MN)		688,322
Kansas City School District (MO)		365,959
Montclair Board Of Education (NJ)		603,423
Teaneck Board of Education (NJ)		591,322
Vineland Board of Education (NJ)	NJ TOTAL ($1,074,745)	80,000
Buffalo City Schools (NY)		1,104,801
Community School District #4 (NY)		177,186
Ithaca City School District (NY)		97,900
New York City Board of Education #22 (NY)		406,322
New York City Board of Education #3 (NY)		255,526

Magnet School Grantees (cont'd)

Newburgh City School District (NY)		$ 93,800
Rochester City School District (NY)		250,363
Syracuse School District (NY)	NY TOTAL ($2,627,369)	261,471
Cleveland Public Schools (OH)		940,565
Columbus City School District (OH)		315,336
Dayton City Schools (OH)	OH TOTAL ($1,944,856)	688,955
Providence School Dept. (RI)		230,000
Dallas Independent School District (TX)		132,490
Seattle School District #1 (WA)		1,181,957
Milwaukee Public Schools (WI)		2,002,359
	TOTAL	$14,914,425

Neutral Site Schools

Community Schools District #4 (NY)		$ 131,350
	TOTAL	$ 131,350

Status of Desegregation

Mr. Conte. Do you feel that noteworthy progress has been made in terms of desegregating the majority of our Nation's schools?

Dr. Boyer. Noteworthy progress has been made in desegregating our Nation's schools, but much remains to be done. The southern States, of course, desegregated many years ago, but large urban school districts are only now beginning to address many of their desegregation requirements. For these districts implementation continues and ESAA funds can often provide the stimulus necessary to encourage comprehensive desegregation activity.

Civil Rights Compliance

Mr. Conte. I have read about the fact that the Department of Health, Education, and Welfare is loathe to take action against the city of Chicago and the State of North Carolina for alleged segregation that persists in their school systems. Are these allegations true, and if so, why is no action being taken?

Dr. Boyer. The Office of Civil Rights (OCR) has started administrative procedures against the State of North Carolina because of civil rights problems relating to its system of higher education. OCR has also cited the Chicago Public School District for civil rights violations under Section 706(d) of the Emergency School Aid Act. The district is expected to request a show cause hearing to refute the OCR charges.

ESAA Grants to LEAs

Mr. Conte. You state that your request for $137.6 million will fund approximately 430 awards of roughly $320,000 each. Please describe the ways grantees might use this money. Is the use of this money prescribed at the national level, or left to the discretion of the local communities?

Dr. Boyer. A school district may use ESAA funds to support any of the twelve authorized activities listed in Section 707 of the Act provided that (1) the activity addresses a specific problem arising from the implementation of a desegregation plan; (2) the activity would not otherwise be funded nor would it be necessary to the normal operation of the district's schools; and (3) the activity is directly related to and necessary for the successful implementation of its desegregation plan.

The school district determines the activities for which funds are requested. The use of funds is limited by statutory requirements.

Nonprofit Organizations

Mr. Conte. Under "Grants to Nonprofit Organizations" what are the criteria for determining who receives funds? How is the use of these funds monitored? Can you cite any project(s) that have been demonstrably effective?

Dr. Boyer. Nonprofit organization criteria are based on a composite score as published in the Federal Register on May 12, 1975. The points awarded the statistical score are one-half (1/2) the statistical score received by the school district. The quality score is the same as a school district--forty-five (45) points. Applications within each State are placed in rank-order by category--nonprofit, basic, and pilot. Nonprofit applicants compete only with other nonprofit applicants within that State, and are funded in rank-order until funds are exhausted.

Program officers from the U.S. Office of Education do an on-site monitoring of each project at least once each year during which ESAA grant funds are in place.

Grants are made to nonprofit organizations (NPOs) to assist school districts implementing desegregation plans. An example of an effective NPO grant is the T.L.T. Association in Los Angeles, California. The NPO provides for the training of parents, students and school personnel to enrich home and school situations in the understanding of the racial and cultural differences which tend to be divisive, including myths, stereotypes, and fear and tension raising situations. This results in increased feelings of safety for all students in desegregated schools.

Special Programs and Projects

Mr. Michel. What is the difference between the Emergency Special Projects program and the Discretionary Assistance program? Aren't they both aimed at emergencies?

Dr. Boyer. Emergency special project awards are made to local educational agencies (LEAs) which are implementing a qualifying plan which was ordered or voluntarily adopted too late in the fiscal year to permit the LEA to apply for an Emergency School Aid Act (ESAA) basic grant. Eligible LEAs must have either a mandated or a nonrequired plan as described in the regulations determining eligibility for an ESAA basic grant and must not have previously applied for ESAA assistance based upon that plan.

Discretionary grants can be awarded to local educational agencies to meet unique and unexpected desegregation needs that were not anticipated at the time the ESAA basic applications are normally prepared for submission to the U.S. Office of Education. Applications can be accepted at any time the local educational agency can justify the need for a special discretionary grant whether or not it already has another ESAA award.

Mr. Michel. Do you have a set of criteria governing special projects awards, or are they totally subjective in nature? If there is a set of criteria, what is it?

Dr. Boyer. Emergency special projects are governed by criteria contained in 45 CFR, Subpart B, Section 185.14. These regulations will be utilized through fiscal year 1979 when new, as yet unwritten regulations will take effect. Other special projects categories of fundings are contained in Subpart J, sections 185.91 (Special arts projects); 185.92 (Special mathematics projects); 185.93 (Special student concerns projects); and 185.94 (Other special projects). These regulations are being rewritten to make legislative changes resulting from the recent reauthorization of the Emergency School Aid Act and also to conform to other Education Division regulations requirements.

Mr. Michel. Is "financial need" a basis for awarding special project funds?

Dr. Boyer. Special Projects awards are made upon evaluation of the educational needs indicated by a school district in an application for assistance. In general, districts are eligible to receive assistance for activities authorized in the Emergency School Aid Act and program regulations and which could not otherwise be funded. The funds received must be used solely to pay the additional costs involved in carrying out the project or activity described in the application for assistance.

Financial Need

Mr. Michel. How do you determine what is a genuine financial need, and what may simply be a local unwillingness to foot the bill?

Dr. Boyer. A genuine financial need is one that is an extraordinary expense created by the occurrence of problems directly related to the desegregation of a school system.

State Agency Incentive Awards

Mr. Michel. What are these "State agency incentive awards"?

Dr. Boyer. State agency incentive awards are available to State agencies involved in or responsible for the desegregation of public elementary and secondary schools. Funds are available for three purposes:

1. planning for the implementation of voluntary plans to eliminate or reduce minority group isolation in those schools; and to assess future needs, and to develop further strategies to meet those needs;
2. providing technical assistance to encourage local educational agencies or groups of those agencies to develop or implement voluntary plans to eliminate or reduce minority group isolation in those schools; and
3. providing training for educational personnel involved in developing or carrying out a voluntary plan to eliminate or reduce minority group isolation in those schools.

The amount of assistance available for a State agency under this program will be twice the amount of State funds expended in the preceding fiscal year for authorized activities but cannot exceed ten percent of the amount apportioned to the State for that fiscal year under Grants to LEAs, or $500,000, whichever is greater.

Magnet School Program

Mr. Michel. Why the big increase in funding for magnet schools?

Dr. Boyer. There are two reasons for requesting a $10 million increase in the Magnet school program in 1980. The first is programmatic--we think magnet schools are an excellent voluntary desegregation tool, as well as a way of encouraging quality educational programs for both minority and non-minority students. The second reason relates to section 604(b) of the recently reauthorized Emergency School Aid Act which requires that the amount for magnet schools be tied by a percentage reservation to the Emergency School Aid Act appropriation. We have submitted a technical amendment to tie the reservation for Magnet schools to the amount requested for Special programs and projects; the 1980 budget reflects that reservation.

Mr. Michel. What types of schools are paired with businesses and universities?

Dr. Boyer. Types of schools paired with businesses and universities include magnet schools, a school affected by a plan or project suitable for establishing eligibility for a Grant to LEAs, or a minority group isolated school in which minority group children constitute more than 50 percent of the enrollment of the school. These types of schools are set out in program regulations.

Mr. Michel. Have you undertaken any evaluation of magnet schools?

Dr. Boyer. Yes, ABT Associates in Massachusetts was awarded a contract from the Office of Education in late 1977 to do an evaluation of the ESAA Magnet school programs. The final report will be ready for release during the summer of 1979.

Educational Television and Radio

Mr. Michel. What specific type of radio and television programs are you funding?

Dr. Boyer. The radio series to be developed in 1980 will be funded for the first time, as these series were just authorized in the Education Amendments of 1978. ESAA television will be in its seventh year of operation in 1980. The legislation for both television and radio calls for production of programming that is both integrated and produced by a staff representing the minority groups ESAA designates for series. Specifically, in 1980 radio programming will be of two types: (1) series of 15 minutes for broadcast stations that are programmed to carry series of that length; and (2) short segments of two to five minutes for stations which attract large numbers of youth of both minority and majority groups. Both types of programs will be multicultural, some of cognitive value (grammar, mathematics, etc.) and some of affective value (music using ethnic and contemporary idioms, etc.). Television programming supported in 1980 will be both regional and national series. National series are those which are intended for nationwide distribution; regional series are intended for less than nationwide utilization and are for meeting the special needs of subgroups of minority groups included in ESAA which may be unique to a particular geographic region. In addition to the production of radio and television programming, efforts to promote these series for both commercial broadcast and in-school viewing will be continued in 1980.

Training and Advisory Services

Mr. Michel. What type of training programs are you funding?

Dr. Boyer. Training programs are funded to aid in the preparation, adoption and implementation of desegregation plans and in coping with problems resulting from desegregation. Four types of awards are made: State educational agencies, desegregation assistance centers, training institutes, and local school boards. Separate awards are made to address race, sex, and national origin desegregation except that training institute awards are not made in the area of national origin desegregation. Recipients of State educational agency and desegregation assistance center awards may provide technical assistance (which may include training) upon the request of a local school district to public school personnel, students, parents, and other community members. The recipients of training institute awards may provide training for public school personnel only. School board awards may include advisory services as well as training for public school personnel.

Mr. Michel. What are desegregation assistance centers?

Dr. Boyer. A desegregation assistance center is a public agency (other than a State educational agency or a school board) or a private, nonprofit organization funded to provide technical assistance (includes training) in the preparation, adoption, and implementation of plans for race, sex, and/or national origin desegregation. This includes assistance in coping with educational problems resulting from that desegregation. Separate awards are made for race, sex, and national origin desegregation. We are presently funding fifteen race desegregation assistance centers, ten sex desegregation assistance centers and nine national origin desegregation assistance centers to serve the fifty States. The recipients of awards may provide assistance only if assistance is requested from a local school district.

Court Ordered Districts

Mr. Michel. Of all your Special Projects awards this year, what percentage are going to districts under court order?

Dr. Boyer. Approximately 69 percent of the Special Projects awards are going to districts under court order.

Mr. Michel. How many school districts are under court order this year?

Dr. Boyer. We do not know the exact number of school districts which are currently under court order. We know that there are at least 305 because that number are now receiving ESAA assistance. There may be others that we would not be able to identify because they have never applied for ESAA assistance.

Mr. Michel. Of these, how many are receiving formula grant funding?

Dr. Boyer. The breakdown of school districts under court order this year by region is as follows: (1978-79 funded)

Federal Region		Number of Districts Under Court Order that are Receiving ESAA Funds
I	Boston	4
II	New York	15
III	Philadelphia	39
IV	Atlanta	126
V	Chicago	25
VI	Dallas	77
VII	Kansas City	4
VIII	Denver	6
IX	San Francisco	8
X	Seattle	1
		305

College Desegregation in North Carolina

Mr. Michel. Is the Office of Education involved at all in the problem of college desegregation in North Carolina?

Dr. Boyer. We are now involved with the Department's efforts to desegregate North Carolina's public higher education system. However, if the Department is unable to obtain an acceptable desegregation plan thirty days from the day the State received the Department's notice of administrative proceeding, we will be involved in the Department's selective fund deferral process. The Department mailed the administrative proceeding notice on March 29.

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Bilingual Education

Mr. Roybal. Could you explain the linkage that exists between bilingual desegregation grants under Elementary and Secondary Education and Emergency School Aid for desegregation? Are we simply keeping these two accounts separate or do they represent different types of programs?

Dr. Boyer. There currently is no formal linkage between bilingual grants funded under the Elementary and Secondary Education Act and the Emergency School Aid Act. There are several basic differences in the types of programs both of these acts authorize.

Bilingual grants operated by school districts under the Emergency School Aid Act have a much broader range of allowable activities. This gives schools the capacity to address immediate short-range problems encountered by children in a multilingual setting. Flexibility in design is the keynote approach of this program.

Projects operating under the Bilingual program in Title VII of the Elementary and Secondary Act seek long-range solutions to the same type of difficulties. Multiyear grants are awarded to participating schools and allowable activities are more strictly defined.

Eligibility criteria also vary between the two programs. Under the Elementary and Secondary Education Act any school district demonstrating bilingual needs for their students may receive a grant award. Funding under the Emergency School Aid Act is restricted to those districts operating a desegregation plan.

While there may exist some duplication in services provided they do indeed represent different types of programs. The ESAA bilingual programs have been transferred to the Title VII bilingual program in 1980. This will ensure that there is no duplication of services in the future.

Magnet School Evaluation

Mr. Roybal. As you know, the Los Angeles City Schools are undergoing busing to bring them into compliance with desegregation court orders. Are any Federal monies being specifically targeted for evaluation of the magnet schools in the tri-ethnic environment that Los Angeles represents?

Dr. Boyer. Yes. Part of the $505,000 fiscal year 1978 magnet school ESAA grant currently operating in Los Angeles is set aside for evaluation of their educational effectiveness.

Pilot Programs

Mr. Roybal. Under your Pilot programs for fiscal year 1979 what will hopefully be learned from these projects for improving minority group performance in minority isolated schools?

Dr. Boyer. The primary purpose of the Pilot program funded under the Emergency School Aid Act has been to develop unique approaches to bridging the academic disparities existing in minority group isolated schools. We have learned new techniques in solving these problems by allowing flexibility and innovation in our projects. Dissemination of approach and design is a vital aspect of this program.

Each grantee must develop and implement a procedure whereby their project is shared with other school districts in their geographic area. This program has allowed an information sharing network across the country involving schools experiencing the same types of academic difficulties.

Training and Advisory Services

Mr. Roybal. For the record, please list the recipients of Training and Advisory Services awards in Region IX (Page 102 - Justifications).

Dr. Boyer. Training and Advisory Service awards for 1978 are listed below:

Desegregation Assistance Centers:
Race: Far West Laboratory for Educational Development
Long Beach, California
Sex: California State University at Fullerton
Fullerton, California
National Origin: San Diego State University Foundation
San Diego, California

State Educational Agencies:
Race: California State Department of Education
Sex: California State Department of Education
National Origin: California State Department of Education

Training Institutes:
Race: California State University at Northridge
California State University at Los Angeles
California State University at Fullerton
Sex: University of California at Berkeley

Local Educational Agencies:
Sex: Sacramento City Unified School District, California
Stockton Unified School District, California
Board of Trustees Laguna, Salada School District, California
San Diego Unified School District, California
Emery Unified School District, California
Chino Unified School District, California
Whisman School District, California
Novato Unified School District, California
San Juan Unified School District, California
Berkeley Unified School District, California

Subpart F (Discretionary grants to LEAs for race, and national origin desegregation)
Race: Sequoia Union High School District, California

Mr. Roybal. For 1980 you project that more monies will be spent on sex desegregation awards than national origin desegregation. I have several questions about this. Does this mean that national origin desegregation is less of a priority than sex or race?

Dr. Boyer. Race desegregation is the highest priority of Title IV of the Civil Rights Act, as is clearly indicated by the history of the program and the projected spending plan.

One must bear in mind that when we speak of race desegregation, this term includes the desegregation of national origin minority children and staffs since these groups are affected by race desegregation plans in the same manner blacks and whites are. As a result, assistance is given to national origin minorities through race desegregation programs to the extent they are faced with the same problems. It is recognised, however, that national origin minority children are faced with yet an additional problem--discrimination on the basis of language. For that reason funds are available to address that one particular form of discrimination, whether the problem arises in connection with or independent of race (or sex) desegregation. Contrasting the projected spending for national origin and sex, the difference between the two is $150,000, with a significantly greater increase going to national origin desegregation under the proposed spending plan. Finally, it should be noted that the funds available for sex desegregation are potentially available to every school district in the Nation, whereas the funds for national origin desegregation focus only on those districts that have national origin minority children.

Mr. Roybal. Why are no monies allocated to "Institutes" under national origin desegregation?

Dr. Boyer. No funds have been allocated to Training Institutes for national origin desegregation for two reasons. National origin training through Institutes of higher education has been and is available through Title VII of the Elementary and Secondary Education Act, with a greater amount of funds than is projected to be available for the entire national origin desegregation program projected under Title IV of the Civil Rights Act. In addition, given the limited funds that will be available, even with an increase to $11.35 million, we believe that national origin desegregation assistance can be provided most effectively through arrangements with SEAs, DACs, and school boards.

[The justification of the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Emergency School Aid

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Appropriation Estimate

Emergency School Aid

For carrying out title IV of the Civil Rights Act of 1964 and the Emergency School Aid Act, [$341,350,000] *$354,100,000: notwithstanding the provisions of paragraph 2 of section 604(b) of the Emergency School Aid Act.*[1/] [*Provided*, That the Assistant Secretary, in awarding funds under this program, shall not give less favorable consideration to the application of a local educational agency which has voluntarily adopted a plan qualified for assistance under this title than to the application of a local educational agency which has been legally required to adopt such a plan.][2/]

Explanation of Language Changes

1/ Current Emergency School Aid Act language requires that Magnet Schools, Pairing and Neutral Site School activities and Educational Television and Radio activities receive a set percentage of the total amount appropriated under the Act. Elimination of that requirement is proposed and a substitute requirement relating the percentage set-aside to the amount appropriated under Special Programs and Projects is provided for instead.

2/ The Emergency School Aid Act allows assistance to districts implementing both court ordered and voluntary desegregation plans. The language proposed for deletion is repeated in P.L. 95-561, which authorizes the Emergency School Aid Act through fiscal year 1983; consequently, this appropriation language has no practical effect on the operation of this program.

Language Provision	Explanation
...notwithstanding the provisions of paragraph 2 of section 604(b) of the Emergency School Aid Act.	The Emergency School Aid Act, as reauthorized by Public Law 95-561, ties the set-asides for Magnet Schools, Pairing, and Neutral Site Schools activities and Educational Television and Radio activities to the total amount appropriated under the Act. A set-aside of 25 percent of sums appropriated under the Act is to be reserved for Magnet Schools, Pairing, and Neutral Site Schools activities and a similar set-aside of 7 percent is required for Educational Television and Radio activities. This budget proposes to tie the set-aside percentages for these activities to the amount appropriated under Special Programs and Projects, rather than appropriated under the Act as a whole. Such a change is proposed because those amounts which would be available without the language provision are excessive and could not be spent effectively. Furthermore, insufficient funds would remain for assistance to newly desegregating or needy districts. This appears consistent with Congressional intent under the authorizing legislation.

Amounts Available for Obligation

	1979	1980
Appropriation	$341,350,000	$354,100,000
Comparative transfer to:		
"Elementary and Secondary Education" (Basic Skills Improvement) for Special Mathematics program under Special Programs and Projects	- 750,000	---
"Elementary and Secondary Education" (Bilingual Education) for ESAA bilingual desegregation program	- 8,600,000	---
Subtotal, budget authority	332,000,000	354,100,000
Total, obligations	332,000,000	354,100,000

Summary of Changes

1979 Estimated budget authority....................................	$ 332,000,000
1980 Estimated budget authority....................................	354,100,000
Net change..	+ 22,100,000

	1979 Base	Change from Base
Increases:		
Program:		
1. Special Programs and Projects--new funds for a discretionary account to make funds available to needy desegregating districts throughout the year, rather than after a single closing date........................	---	+$ 5,000,000
2. Special Programs and Projects--increase for emergency special projects which provide funding for new desegregation or unmet needs of recently implemented desegregation............................	$52,250,000	+ 18,519,000
3. Special Programs and Projects--increased funding for State agencies providing technical assistance and training to LEAs developing or implementing voluntary desegregation plans and for State activities related to planning for the implementation of voluntary desegregation plans...	2,000,000	+ 2,000,000
4. Special Programs and Projects--increased funding for "other" special projects, such as special arts and student concerns......	10,000,000	+ 2,000,000
5. Special Programs and Projects--funding for grants to local educational agencies which are developing a plan of desegregation, either voluntarily or by direction of a court or State agency. Grants are made on a one-time only basis......................	---	+ 2,000,000
6. Evaluation--supplemental funding for an ongoing contract..........................	2,900,000	+ 64,000
7. Magnet Schools; Pairing; and Neutral Site Schools--increase of 15 awards to school districts for activities related to magnet schools, pairing with businesses and universities, and plans for the development of neutral site schools..................	25,000,000	+ 10,209,000
8. Educational Television and Radio--increased funding for television production and promotion and up to five radio awards........	6,450,000	+ 3,408,000
9. Training and Advisory Services--increase in Discretionary school board grants for race and national origin desegregation...	10,300,000	+ 14,350,000

	1979 Base	Change from Base
10. Training and Advisory Services--increase in local educational agency and State educational agency awards for sex desegregation activities	$ 3,650,000	+$ 2,000,000
Total increases		+ 59,550,000
Decreases:		
Program:		
1. Special Programs and Projects--Follow the child projects will not be funded separately but school districts can build valid Follow the child activities into their Basic grant applications	3,000,000	- 3,000,000
2. Grants to Nonprofit Organizations--reduction of $2.2 million in Grants to nonprofit organizations, occasioned by decrease in authorization level	17,200,000	- 2,200,000
3. Pilot Programs--elimination of this category of awards is based on the Education Amendments of 1978 which delete this program from ESAA	32,250,000	- 32,250,000
Total decreases		- 37,450,000
Net change		+ 22,100,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Emergency school aid:			
a. General grants to LEAs.............	$137,600,000	$137,600,000	---
b. Special programs and projects......	69,250,000	95,769,000	+ 26,519,000
c. Magnet schools; pairing; neutral site schools.......................	25,000,000	35,209,000	+ 10,209,000
d. Grants to nonprofit organizations.	17,200,000	15,000,000	- 2,200,000
e. Educational television and radio..	6,450,000	9,858,000	+ 3,408,000
f. Evaluation.........................	2,900,000	2,964,000	+ 64,000
g. Pilot programs.....................	32,250,000	---	- 32,250,000
Subtotal............................	290,650,000	296,400,000	+ 5,750,000
2. Training and advisory services (Civil Rights Act - Title IV)................	41,350,000	57,700,000	+ 16,350,000
Total budget authority.............	332,000,000	354,100,000	+ 22,100,000

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Other Services:			
Project contracts.......................	$ 34,100,000	$ 34,100,000	---
Grants, subsidies, and contributions.....	297,900,000	320,000,000	+$22,100,000
Total budget authority by object....	332,000,000	354,100,000	+ 22,100,000

Significant Items in House and Senate Appropriations Committee Reports

Item	Action taken or to be taken
1979 Senate Report	
Special Programs and Projects	
1. The Committee directed that, in 1979 funds be awarded to newly applying school districts in amounts and under terms equitable to those districts already receiving such assistance.	1. All applications, new and continuing, are reviewed by a panel of experts who use the same criteria against which to evaluate proposed projects. No preference is given to new or continuation applicants.
2. The Committee expects that, if the amount appropriated for Emergency Special Projects in fiscal year 1979 is less than the total amount provided for this program when the funds included in the fiscal year 1978 urgent supplemental appropriations bill are figured in, the Department will monitor the rate of new applications, and, if necessary, submit a supplemental request to continue funding for major desegregation programs that are in need of these funds.	2. The 1979 Emergency Special Projects appropriation is $52.25 million. This is $2.25 million more than was appropriated in the total of the 1978 regular and supplemental appropriations for Emergency Special Projects.
3. The Committee urges an increase in the amount allocated to Project SEED, to allow for its further expansion.	3. The Special Mathematics Project for which Project SEED applies is a competitive program and Project SEED is only one of several applicants each year. However, in addition to its Special Mathematics Project application, Project SEED applies as a nonprofit organization (NPO) under the State Apportioned Grants to NPOs program and has often competed successfully for such awards. In the past, Project SEED has received funding for projects in Boston, Los Angeles, and Atlanta. Special Mathematics Projects are transferred to Basic Skills Improvement in 1980.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Emergency School Aid:				
1. Emergency School Aid Act:				
a. General grants to LEAs (ESAA, Sec. 606(a))...........	$348,800,000	$137,600,000	$155,000,000	$137,600,000
b. Special programs and projects (Sec. 806(a))...........	27,250,000 1/ 100,000,000 2/	10,000,000 3/ 59,250,000 4/	245,000,000	95,769,000
c. Magnet schools; pairing; neutral site schools (Sec. 608(a)(1),(2),(3))	50,000,000 2/	25,000,000 4/	74,100,000	35,209,000
d. Grants to nonprofit organizations (Sec. 608(b)).....	43,600,000	17,200,000	15,000,000	15,000,000
e. Educational television and radio (Sec. 611) 5/.....	16,350,000	6,650,000	20,748,000	9,858,000
f. Evaluation (Sec. 613)...............	5,450,000	2,900,000	2,964,000	2,964,000
g. Pilot programs (not authorized in 1980)	81,750,000	32,250,000	--- 6/	---
h. Bilingual education (Sec. 608(a)).....	21,800,000	---	--- 7/	--- 8/
Unfunded authorizations:				
Follow the child (Sec. 604(c)(1))...............	3,500,000	3,000,000 9/	7,250,000	---
Metropolitan area projects (Sec. 609)........	---	---	--- 9/	---
Racially isolated school districts (Sec. 1522, P.L. 95-561) 10/.........	---	---	1,200,000	---
2. Training and Advisory Services (CRA 1964, Title IV)..............	Indefinite	41,350,000	Indefinite	57,700,000
Total BA....................		332,000,000		354,100,000
Total BA Against Definite Authorizations............	698,500,000	290,650,000	521,262,000	296,400,000

1/ Authorized in basic authorization (Section 704(a) in 1979) for all ESAA programs.
2/ Authorized separately in ESAA, (Section 704(c) in 1978), and extended under GEPA for 1979.
3/ Requested under ESAA, Section 704(a).
4/ Requested under ESAA, Section 704(c), as extended under GEPA for 1979.
5/ Radio activity effective in 1980.
6/ Repealed by Public Law 95-561.
7/ Not authorized separately in Public Law 95-561.
8/ Transferred to Title VII, ESEA.
9/ Included as part of Special Programs and Projects.
10/ Not included in Emergency School Aid Act; placed in this section for display purposes only.

Emergency School Aid

Year[1]	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$27,150,000	$15,500,000	$22,150,000	$17,000,000
1971	166,200,000	16,000,000[2]	163,900,000	88,900,000
1972	86,602,000	86,602,000	86,602,000	86,602,000
1973	469,708,000	[2]	26[illegible]24,000	261,523,000
1974	260,682,000	253,235,000	253,235,000	253,235,000
1975	100,950,000	26,700,000[2]	26,700,000[2]	231,898,000[2]
1976	100,950,000	217,950,000	281,898,000	262,350,000
Transition Quarter	325,000	3,325,000	3,325,000	3,325,000
1977	240,350,000	240,350,000	285,600,000	282,850,000
1978	285,350,000	285,350,000	314,600,000	300,850,000
1979	323,350,000	318,850,000	363,350,000	332,000,000
1980	354,100,000			

[1] Estimates, allowances and appropriation figures include only those activities per year as indicated below:

1968-1970 - Training and Advisory Services (Title IV - Civil Rights Act)
1971-1972 - Training and Advisory Services and Temporary Emergency School Assistance Program (ESAP)
1973 - Training and Advisory Services, ESAP, and the Emergency School Aid Act (ESAA)
1974-1979 - Training and Advisory Services and ESAA

[2] In 1971, the House Allowance considered only Training and Advisory Services. In 1973, the ESAA, ESAP and Title IV requests were not considered by the House. In 1975, the ESAA desegregation assistance request was not considered by the House or Senate, due to lack of authorizing legislation; ESAA appropriation was provided for under the second supplemental.

Justification

Emergency School Aid

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Emergency school aid:			
a. General grants to LEAs	$137,600,000	$137,600,000	---
b. Special programs and projects	69,250,000	95,769,000	+$26,519,000
c. Magnet schools; pairing; neutral site schools	25,000,000	35,209,000	+ 10,209,000
d. Grants to nonprofit organizations	17,200,000	15,000,000	- 2,200,000
e. Educational television and radio	6,450,000	9,858,000	+ 3,408,000
f. Evaluation	2,900,000	2,964,000	+ 64,000
g. Pilot programs	32,250,000	---	- 32,250,000
Subtotal	290,650,000	296,400,000	+ 5,750,000
2. Training and advisory services (Civil Rights Act - Title IV)	41,350,000	57,700,000	+ 16,350,000
Total budget authority	332,000,000	354,100,000	+ 22,100,000

General Statement

In the 25 years since the Brown v. Board of Education landmark decision on educational equity, it has become increasingly evident that the work of desegregation is not complete; that desegregation is still a national agenda; that pressing desegregation needs are still unmet. Although the Federal role has changed since the beginning of Federal desegregation assistance in 1965, it has always been a crucial factor in the harmonious implementation of desegregation plans. The need now is for the development of comprehensive plans, implemented on an orderly, well-reasoned schedule, and for encouragement of voluntary plans designed to eliminate minority group isolation. This requires adequate financial resources and the flexibility for Federal officials to respond to emergency needs quickly. To maximize the Office of Education's ability to respond to pressing desegregation needs in a timely fashion, the 1980 Emergency School Aid budget proposes to increase the flexibility for both the Emergency School Aid Act (which now incorporates the Education Amendments of 1978)and Title IV, CRA programs. Such flexibility is increased in two significant ways: 1) through a substantially increased request for funds to school boards for race and national origin desegregation in Title IV, CRA; and 2) through the creation of a companion discretionary account in Special Programs and Projects under the Emergency School Aid Act. The request for increased funding in combination with the Education Amendments of 1978 which limited the authorization for the State apportionments, eliminated authorization for Pilot Programs, transferred Bilingual Education to the ESEA appropriation and modified the Special Programs and Projects activity to provide additional authority will assist the Administration's efforts in desegregation. Major objectives for both the Emergency School Aid Act and Title IV, CRA programs are:

to promote school desegregation by providing assistance to local educational agencies which are desegregating as a result of a court order, Title VI requirement or voluntary action;

to focus Federal desegregation assistance on newly desegregating districts at the time they enter the initial, costly stages of the desegregation process;

to encourage voluntary desegregation through a variety of programs (pre-implementation assistance, awards to State agencies, magnet schools;

to provide some long-term assistance to districts past the initial implementation stage, but continuing to experience second-generation problems (Grants to LEAs);

to promote the development of comprehensive, well-reasoned desegregation plans by approving grants to school districts for more than one year, if appropriations are available. This allows districts to plan far in advance of each year's activities and to map carefully the progression of the desegregation process;

to concentrate Title IV assistance for race and national origin desegregation on the early stages of the desegregation process, by assigning priority to school districts in the first years of implementing desegregation plans; and

to continue and further expand an emphasis on educational equity for women by providing grants for activities designed to identify, prevent and eliminate sex discrimination.

The 1980 budget request provides $296,400,000 for the Emergency School Aid Act and $57,700,000 for Title IV, CRA (referred to in this budget request as Training and Advisory Services). Under the Emergency School Aid Act, awards will be made to local educational agencies, State agencies and nonprofit organizations for desegregation-related activities. Monies will be spent for the two basic purposes remaining in the Emergency School Aid Act, after reauthorization by Public Law 95-561: 1) to meet educational needs incident to elementary and/or secondary school desegregation; and 2) to encourage voluntary elimination of minority group isolation in elementary and secondary schools.

Major categories of awards include educational television and radio; magnet schools, pairing and neutral site schools; grants to local educational agencies; grants to nonprofit organizations; evaluation; and special programs and projects. The latter category is further divided into "other" special projects (including categories such as special arts and student concerns, etc.), pre-implementation awards, grants to State agencies for activities related to voluntary desegregation, grants to local educational agencies, emergency special projects, and discretionary grants to local educational agencies. Both categories of grants to local educational agencies will be new in 1980, one group of awards being available to local educational agencies which are developing new desegregation plans, and the other being available to local educational agencies needing implementation assistance immediately. These awards for implementation assistance can be made throughout the year, as needs arise. Both of these categories are an integral part of the 1980 strategy to encourage new and voluntary desegregation.

A significant expansion of emergency special projects is proposed also to allow adequate funding of out-of-cycle court orders and substantial assistance for school districts with unmet desegregation needs. Another desegregation tool which is particularly useful for voluntary desegregation is the magnet schools program. An increase of $10.2 million over the 1979 level is requested. To expand even beyond the promotion of desegregation and towards integration, awards for educational television and radio programming will be available. The radio component will be new in 1980; an amount up to ten percent of the total television and radio amount can be spent for radio programming.

This budget proposes to change the language requiring educational television and radio and magnet schools to be funded at a percentage of the total ESAA appropriation to a percentage of the Special Programs and Projects amount. This appears consistent with Congressional intent in the authorizing language.

The Training and Advisory Services request reflects the increased emphasis on direct grants to local educational agencies begun in fiscal year 1978. A total of 43 percent of the Training and Advisory Services request is earmarked for discretionary school board grants for race and national origin desegregation. The remaining amount is divided by desegregation assistance centers, State educational agencies, training institutes, and local educational agencies seeking sex desegregation awards.

Of the $16.35 million increase requested in 1980, $2 million is for grants to local educational agencies and State educational agencies for sex desegregation activities, and $14.35 million for discretionary school board grants for race and national origin.

In summary, the 1980 budget contains $22.1 million in new budget authority, but because the Education Amendments of 1978 repeal the authorization for Pilot Projects (-$32.2 million) and reduce the authorization for Grants to Nonprofit Organizations from $17.2 million to $15 million (-$2.2 million), an additional $34.4 million is available for activities under Special Programs and Projects, the most flexible authority in the Emergency School Aid Act. These funds will be targeted on new and voluntary desegregation.

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1. Emergency School Aid Act: a. General Grants to Local Educational Agencies (Emergency School Aid Act, Section 605(a))

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
68	$137,600,000	$155,000,000	68	$137,600,000	---

Purpose and method of operations

To meet the special needs incident to the elimination of minority group segregation and discrimination among students and faculty in elementary and secondary schools, and to encourage the voluntary elimination, reduction or prevention of minority group isolation in elementary and secondary schools with substantial proportions of minority group students, awards are made to local educational agencies (LEAs). These funds are apportioned to the States on the basis of their minority children aged 5-17. Dollars per State are determined by providing each State with a minimum allocation of $75,000 and then adding an amount which bears the same ratio to the sums available as the ratio of the State's school-aged children to the total number of children in the Nation. No State shall be apportioned less than $100,000. While funds are apportioned to States, LEAs must apply directly to the U.S. Office of Education for funds. Consequently, LEAs compete against other LEAs in their State for the amount of the State's apportionment. Applications are judged by a panel of experts composed of professional educators and community participants who have special expertise in dealing with school desegregation.

1980 budget policy

To provide assistance to school districts which may be beyond the initial stages of the desegregation process, but which have ongoing desegregation-related needs, grants are made to local educational agencies through a formula based on minority, school-aged children. General Grants to Local Educational Agencies is the only State-apportioned activity under the Emergency School Aid Act in 1980. In order to meet educational needs that arise from the development of or the implementation of a desegregation plan, LEAs may implement activities including, but not limited to, the provision of additional staff members for plan implementation, acquisition of new curricula, innovative educational activities, and community relations activities. Evaluations have indicated that human relations-type activities are more effective than remedial/instruction activities; consequently these endeavors will be stressed in both 1979 and 1980.

The funding level of $137,600,000 for 1980 will be the same as 1979, and the number of awards will remain at approximately 430. Average award size will be $320,000. The funding level for this program is held constant because this program is no longer expected to serve as a primary source of desegregation assistance. While this program can most definitely provide significant financial assistance to districts experiencing second-generation desegregation problems, it is not intended to provide the magnitude of funding necessary for those school districts just entering the critical, costly first stage of the desegregation process. Special Programs and Projects are intended to be the primary vehicle for serving this initial desegregation function; consequently, General Grants to Local Educational Agencies can serve as the maintenance-level integration assistance tool.

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1. Emergency School Aid Act: b. Special Programs and Projects
(Emergency School Aid Act, Section 608(a))

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
6	$69,250,000[1]	$245,000,000[2]	10	$95,769,000	+$26,519,000

[1] This amount is shown for comparability purposes only. An amount of $750,000 was appropriated for Special Mathematics projects, but since these projects are transferred to Elementary and Secondary Education, Basic Skills Improvement in 1980, the reduced authority for 1979 is shown.

[2] This authorization of $245,000,000 is also the authority cited for Magnet Schools, Pairing, and Neutral Site Schools and Educational Television and Radio. The total requested against this authorization is $140,836,000.

Purpose and method of operations

To conduct special programs which will make substantial progess towards eliminating or preventing minority group isolation and improving the quality of education, grants and contracts are made to State and local educational agencies, and other nonprofit agencies and organizations. These awards fund a wide variety of activities, including special arts, student concerns, pre-implementation activities, State educational agency incentive grants, and emergency special project awards for especially needy school districts. Applications are reviewed according to criteria established for each category of desegregation activity and awards are made as a result of a national competition in all categories except one. In this expected discretionary account, funded for the first time in 1980, applications will be judged according to criteria relating the proposed project to the purposes of the Emergency School Aid Act, but they will not be rated against other similar applications. In an effort to provide timely emergency assistance, these awards will be made throughout the year as needs arise. Some awards may be approved for project periods of up to five years, but yearly funding will be contingent upon availability of funds, OCR Title VI clearance, and success in meeting the stated goals of the project. Applications are judged by a panel of experts composed of professional educators and community participants who have special expertise in dealing with school desegregation.

1980 budget policy

To emphasize new desegregation and to encourage voluntary desegregation, Special Programs and Projects awards in 1980 will be targeted on districts planning for or implementing new or recent desegregation plans. Major increases are proposed because of the flexibility available to assist districts at the time they require assistance and with the types of assistance they most need. As a means of maximizing the Office of Education's ability to respond quickly and with significant financial resources, a new discretionary account to assist districts needing immediate assistance is planned. Approximately $5 million is reserved for these purposes.

A wide variety of types of projects will be supported, recognizing the diverse needs of districts and the different types of assistance needed in different stages of the desegregation process. Funding for Special Programs and Projects categories include: 1) "other special projects" such as student concerns, special arts, and interdistrict transfers ($12 million); 2) pre-implementation assistance for school districts having an ordered or approved plan which has not yet been implemented ($2 million); 3) emergency special projects for districts receiving out of cycle court orders or having severe unmet needs ($70 million); and 4) State educational agency awards to encourage SEAs to play a larger role in the planning and implementation of voluntary desegregation ($4 million). In addition to these activities and the discretionary account mentioned above, there will be a new category of LEA planning grants for school districts developing a plan of desegregation, either as issued by a court or as undertaken voluntarily ($2 million). While they are separate funding categories, all of these activities are designed to assist school districts just entering the initial, costly stages of the desegregation process.

Two changes from 1979 are proposed: 1) No Follow the Child projects will be funded separately in 1980. Districts can, however, build such compensatory education services into their General Grants to LEAs application and receive funding through that mechanism; and 2) Special Mathematics projects (under "other special projects" in 1979) are transferred to Elementary and Secondary Education, Basic Skills Improvement in 1980.

Special Programs and Projects
(Dollars in Thousands)

	1978	1979	1980
1. "Other" special projects.............	$10,000	$10,000	$12,000
2. Emergency special projects...........	50,000[2]	52,250	70,769
3. LEA planning grants..................	---	---	2,000[1]
4. SEA incentive awards.................	---	2,000	4,000
5. Pre-implementation awards............	2,000	2,000	2,000
6. Follow the child.....................	13,500[2]	3,000	---3/
7. Discretionary assistance.............	---	---	5,000
Total..........................	75,750	69,250	95,769

[illegible] Authorized for the first time in 1980.
[illegible]/ Some of these funds were reprogrammed into other Special Programs and Projects activities.
3/ While no separate awards for Follow the Child activities will be made, districts may build such activities into their Basic Grant applications.

1. Emergency School Aid Act: c. Magnet Schools; Pairing; Neutral Site Schools (Emergency School Aid Act, Section 608(a)(1), (2), and (3))

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$25,000,000	$74,100,000	4	$35,209,000	+$10,209,000

Purpose and method of operations

To assist school districts with special programs and projects designed to eliminate, reduce or prevent minority school isolation, funds are made available for three types of projects. These include: 1) the planning for, design of, and conduct of programs in magnet schools; 2) the pairing of schools and programs with institutions of higher education and with businesses; and 3) the development of plans for neutral site schools. Awards are made to local educational agencies or combinations of such agencies for any combination of authorized activities. This program is operated as a national competition program. In 1980, as a result of the Education Amendments of 1978 (P.L. 95-561), an application for this program may cover a period of from one to five years. Funding will cover one year of operation with added years dependent upon availability of funds and successful performance. Applications are judged by a panel of experts composed of professional educators and community participants who have special expertise in dealing with school desegregation.

1980 budget policy

To encourage voluntary desegregation by attracting students other than those living in the surrounding community to a particular school, magnet schools are supported. These schools, through offerings of specialized curricula not generally available, are often used as a means of attracting a variety of students to desegregated schools they would not otherwise attend. Such schools not only offer innovative curricula, but do so in an integrated setting. Another activity often related to magnet schools is the pairing of programs and schools with institutions of higher education and with businesses; these activities are also funded. Finally, funds are available for the development of plans for neutral site schools which are geographically located so as to be attractive and accessible to students from many different living areas.

A recent evaluation of the Emergency School Aid Act magnet school program indicates that magnet schools appear to have some success in establishing themselves as desegregated schools, and also that they are an effective tool in helping to improve community attitudes toward desegregation. Additionally, this study reports that the most critical strategy used by districts in the successful implementation of magnet schools is careful and comprehensive planning. In order to allow such comprehensive planning and also to expand funding for districts already operating large numbers of magnet schools, an increase of $10.2 million over the 1979 level is requested. In 1979, $25 million is available for magnet schools, pairing activities, and the development of plans for neutral site schools. Approximately 42 awards will be made. Average award size for magnet and pairing activity grants will be $750,000; average award size for neutral site schools planning grants will be $100,000. In 1980, increased emphasis will be placed on activities pairing schools with universities and colleges and businesses. Awards for 1980 are expected to be approximately the same size as in 1979, and the number of awards is expected to be approximately 57.

History of Magnet School Funds
1977 - 1980

	Appropriation	Awards
1977	$ 7,500,000	14
1978	20,000,000	39
1979	25,000,000	42
1980	35,209,000	57

I. Emergency School Aid Act: d. Grants to Nonprofit Organizations
(Emergency School Aid Act, Section 608(b))

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
10	$17,200,000	$15,000,000	10	$15,000,000	-$2,200,000

Purpose and method of operations

To conduct special programs supportive of school desegregation, contracts and grants are made to nonprofit agencies, institutions and organizations. Awards are available for activities designed to carry out programs or projects to support the development or implementation of a qualifying desegregation plan. Nonprofit organizations must be serving local educational agencies which are implementing a qualifying desegregation plan receiving ESAA assistance. Beginning in 1980, approval for project periods of up to five years can be made. Applications are judged by a panel of experts composed of professional educators and community participants who have special expertise in dealing with school desegregation.

1980 budget policy

The Education Amendments of 1978 (P.L. 95-561) remove Grants to Nonprofit Organizations (NPOs) from the State apportionment program under the Emergency School Aid Act. Consequently, in 1980, grants will be awarded as the result of a national competition. The authorization for this program for 1980-83 is $15 million. This represents a decrease of $2.2 million from the 1979 appropriation.

All activities must be designed to support the LEA's implementation of a plan described in the General Grants to LEAs section of the Emergency School Aid Act. In the past, such activities have included community relations programs, home-focused programs for children affected by the LEA's plan, cultural enrichment programs, innovative interracial educational enrichment activities, and supplemental remedial services to students. Preparation of children and parents for desegregation has been one of the most effective efforts of nonprofit organizations. A recent evaluation of ESAA nonprofit organizations indicated that community relations and desegregation monitoring may be more effective activities for NPOs to undertake than the education service activities performed in the past. Another finding is that NPOs should target their activities more specifically to the host LEA's particular stage of the desegregation process. These evaluation data and others will be considered as NPO applications are reviewed in 1980. The average award for both 1979 and 1980 is expected to be approximately $86,000, but because the authorization level, and consequently the 1980 budget request, is $2.2 million less than in 1979, fewer awards will be made in 1980 than 1979. The number of awards in 1979 will be approximately 200.

1. Emergency School Aid Act: e. Educational Television and Radio
(Emergency School Aid Act, Section 611)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$6,450,000	$20,748,000	3	$9,858,000	+$3,408,000

Purpose and method of operations

To improve the effectiveness of desegregated education on a regional or national level, contracts and grants are awarded to public and private nonprofit agencies for the development and production of children's integrated television and radio programming. Up to seven percent of the ESAA appropriation is available for both television and radio programming; of that total amount, a portion, not to exceed ten percent, shall be used for radio programming. This budget requests seven percent of the amount appropriated for Special Programs and Projects since a technical amendment changing the set-aside will be proposed.

There are separate regional and national television series competitions, and, beginning in 1980, there will be a separate radio competition as well. Applications are targeted toward only one category of award, and panels of non-governmental experts review the applications by published regulatory criteria. Awards are made after all applicants in a category are ranked-ordered. In addition to published regulatory criteria, applicants must meet four statutory requirements: 1) the grantee or contractor must employ members of minority groups in development, production, and administrative staffs; 2) there must be an assurance of substantial artistic or educational significance in the development of productions; 3) modern television and radio techniques of research and production must be used; and 4) effective procedures for evaluating educational and other changes achieved by children viewing the program must have been adopted.

1980 budget policy

To ensure viewership of quality, integrated television series, emphasis in 1980 will be on enhancing school use and increasing home viewership of ESAA-funded television series. In past years, primary emphasis has been placed on activities related to the development and production of television programming. While this emphasis will continue in 1979 and 1980, promotion of viewership, within the contect of the authorizing statute will also be explored. The Education Amendments of 1978 authorize radio programming in addition to television programming beginning in fiscal year 1980. As in past years, television programming will be developed and produced for regional and national series. National series are intended for nationwide utilization; regional series are aimed at meeting the special needs of subgroups of minority groups which may be unique to a particular geographic region. In 1979 there will be two national series and five regional series awards. In 1980, two national series and four regional television series are anticipated; in addition, up to five radio programming awards are expected.

I. Emergency School Aid Act: f. Evaluation
(Emergency School Aid Act, Section 613)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
2	$2,900,000	$2,964,000	2	$2,964,000	+$64,000

Purpose and method of operations

To determine the impact and effectiveness of specific programs and projects assisted with funds appropriated under the Emergency School Aid Act, Section 613 authorizes the Assistant Secretary to make grant and contract awards to State educational agencies, institutions of higher education and private organizations for evaluation of authorized programs. An amount up to one percent of funds appropriated under the Act is authorized for these purposes. The scope of work for evaluation awards normally exceeds a twelve-month period. Awards are competitive and are made on a review of proposals submitted in response to a request for proposals, which details performance expectations for the evaluation project.

1980 budget policy

To provide impact and effectiveness data necessary to improve programmatic performance and to make sound management decisions, evaluations of ESAA-funded and comparison non-ESAA schools are funded. These evaluations provide at least two important types of information for local ESAA program managers, district staff and Office of Education staff: 1) the impact of Federal financial assistance on local desegregation programs, and 2) analyses of types of activities which most actively and smoothly facilitate the local desegregation effort. This information, when analyzed and translated into policy, allows the most effective use of Federal desegregation funds. Recent evaluations (such as a study of ESAA program operations) have had substantial impact on legislative proposals which were subsequently enacted as the Education Amendments of 1978. Proposed regulations for the public and private Non-profit Organizations program of ESAA are being developed with active consideration of the result of a new evaluation report on the current program.

In 1980, two new awards and two competing continuations will be funded. In 1979, one new four-part study will examine the role of ESAA funding in both pre-implementation and newly desegregating school districts, as well as a study of the impact of ESAA civil rights eligibility requirements and second generation school desegregation problems. There also will be competing continuations of earlier ESAA studies on ESAA-funded human relations activities; parent involvement in ESAA and other Federal education programs; and the production, distribution and financing of ESAA television programs. Reports due in fiscal year 1980 include some of the final reports for a study of ESAA human relations programs and the parent involvement study.

1. Emergency School Aid Act: g. Pilot Programs
(Emergency School Aid Act, Section 706(b) for 1979 only)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
6	$32,250,000	1/	6	---	-$32,250,000

1/ This program is not authorized beyond fiscal year 1979.

Purpose and method of operations

To overcome the adverse effects of minority group isolation, Section 706(b) of the Emergency School Aid Act authorizes grants to local educational agencies for unusually promising pilot programs and projects designed to improve academic achievement in one or more minority group isolated schools. Funds are apportioned to States on the basis of their minority children aged 5-17, but local educational agencies must apply directly to the Office of Education for funds. Local educational agencies compete with other LEAs in their State for the State's apportioned sum. Applications are judged by a panel of experts composed of professional educators and community participants who have special expertise in dealing with school desegregation.

1980 budget policy

This program was not reauthorized in the Education Amendments of 1978. Consequently, no awards will be made for Pilot Programs in 1980. In 1979, approximately 165 awards averaging $195,000 will be funded. In 1980, districts formerly receiving Pilot Program assistance can receive similar assistance through Title I, ESEA, Grants to Disadvantaged.

2. Training and Advisory Services (Civil Rights Act of 1964, Title IV)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
18	$41,350,000	Indefinite	18	$57,700,000	+$16,350,000

Purpose and method of operations

To provide technical assistance and training services to school districts in various stages of desegregation, Title IV of the Civil Rights Act authorizes direct and indirect assistance to desegregating local educational agencies. Such assistance is provided for race, sex, and national origin desegregation activities. There are two types of programs supported under Training and Advisory Services: 1) awards to desegregation assistance centers, State educational agencies, training institutes, and local educational agencies for sex desegregation; and 2) discretionary grants to school boards for race and national origin desegregation. Awards for State educational agencies, training institutes, desegregation assistance centers, and school board grants for sex desegregation are made annually on the basis of an evaluation of applications for assistance according to weighted criteria in the program regulations. Applications are judged by panels of experts composed of professional educators and community members. Applications from State educational agencies are approved if they receive a score of 60 out of a possible 100 points on the criteria. Applications for training institutes and school board grants for sex desegregation must receive a score of 60 to be considered for awards. Applications that score at least 60 points are funded in rank order until funds are exhausted. Applicants for desegregation assistance centers apply to serve designated geographic service areas. The highest ranking application in each service area receives an award. A desegregation assistance center is eligible for continuation awards for up to two additional years if it meets the criteria for continuations in the regulations. If a desegregation assistance center fails to meet these criteria, a new competition is held for its service area. School board grants for race and national origin desegregation are made throughout the year as needs for assistance arise on the basis of criteria stated in the regulations.

1980 budget policy

To concentrate Title IV race desegregation assistance on the early stages of the desegregation process, priority is assigned to school districts which are in the stages of desegregation plan preparation or early plan implementation. Emphasis for 1980 continues to be on providing dollars directly to desegregating school districts through grants to local educational agencies, rather than on providing assistance indirectly through other grantees, as was the practice before 1978. An increase of $16.35 million over 1979 is proposed, with $14.35 million slated for grants to local educational agencies for race and national origin desegregation and the remaining $2 million will be used for grants to local and State educational agencies for sex desegregation.

By concentrating funds on local educational agencies, the Office of Education can provide timely assistance to local educational agencies just beginning to prepare or adopt desegregation plans or negotiating Title VI compliance plans with the Office for Civil Rights. The funds provided under this Act can help meet the critical training needs associated with desegregation or compliance plans, and can also help with the provision of advisory staff which are necessary to work through educational problems which may arise during the implementation of a desegregation plan.

State educational agencies and Desegregation assistance centers receiving awards for sex desegregation projects may provide assistance and training in nine regulatory activity areas, three of which include the development of programs to increase the understanding of public school personnel about the problems of sex bias in education, the identification and resolution of educational problems that have arisen in meeting the requirements of Title IX, and the recruitment of women and men for employment in public schools in positions in which they are underrepresented.

In the area of national origin desegregation activity, there are also nine allowable assistance areas set in regulation for SEAs and DACs, three of these are the recruitment of members of national origin minority groups for employment in public schools, the development of procedures to identify students whose dominant language is not English and to assess their English language proficiency, and the development of instructional programs for students whose dominant language is not English and who lack English proficiency.

Race desegregation assistance may be provided by SEAs and DACs in 12 regulatory areas and in other areas that the Commissioner of Education determines in advance will aid in the preparation, adoption, and implementation of race desegregation plans and in coping with educational problems resulting from race desegregation. No assistance can be provided for the provision of compensatory education or the development of basic skills. Examples of the 12 regulatory areas are the preparation and adoption of race desegregation plans, the recruitment of members of racial minority groups for employment in public schools, and the development of disciplinary procedures that do not discriminate on the basis of race.

The regulatory activities listed for all three types of desegregation will be authorized both in 1979 and 1980 for SEAs and DACs. Recipients of Training institute awards in both years will be able to provide training only in areas which will improve the ability of participants to deal effectively with educational problems resulting from race desegregation and sex desegregation. Local educational agencies receiving sex desegregation awards in these years may use funds for two purposes: 1) to employ a specialist who advises on educational problems incident to sex desegregation; and/or 2) to provide inservice training in dealing with those problems. Finally, local educational agencies receiving discretionary grants for race and national origin desegregation in 1979 or 1980 may use funds to: 1) employ one or more specialists to advise in the school board's preparation, adoption, or implementation of a plan for race or national origin desegregation or in dealing with problems incident to that desegregation; and 2) providing school personnel inservice training in dealing with problems incident to that desegregation.

A comparison of 1979 and 1980 funding levels follows:

CRA-IV, 1980
(dollars in thousands)

	1979	1980 Estimate
1. Race Desegregation		
SEA	$ 4,500	$ 4,500
DAC	9,400	9,400
Institutes	3,000	3,000
Discretionary grants to school boards	7,950	17,950
Subtotal	24,850	34,850
2. National Origin Desegregation		
SEA	1,500	1,500
DAC	3,150	3,150
Institutes	---	---
Discretionary grants to school boards	2,350	6,700
Subtotal	7,000	11,350
3. Sex Desegregation		
LEA	1,350	2,350
SEA	2,300	3,300
DAC	3,350	3,350
Institutes	2,500	2,500
Subtotal	9,500	11,500
Total, CRA-IV	41,350	57,700

EMERGENCY SCHOOL AID

Grants to Local Educational Agencies

States or Outlying Areas	1978 Appropriation	1979 Appropriation	1980 Estimate
TOTAL	$155,436,797[1/]	$137,600,000	$137,600,000
Alabama	4,684,400	4,022,019	4,011,695
Alaska	204,054	362,827	380,301
Arizona	1,252,761	2,021,292	2,026,167
Arkansas	2,362,890	1,638,408	1,646,193
California	19,927,327	17,889,700	17,774,026
Colorado	1,909,670	1,418,417	1,427,874
Connecticut	1,225,562	1,138,558	1,150,140
Delaware	704,232	408,923	426,048
Florida	6,008,415	5,662,274	5,639,489
Georgia	4,642,205	5,126,292	5,107,579
Hawaii	1,736,481	1,741,694	1,748,695
Idaho	---	180,962	199,819
Illinois	5,660,214	7,410,988	7,374,919
Indiana	588,699	1,827,637	1,833,985
Iowa	289,836	259,395	277,657
Kansas	531,131	679,171	694,243
Kentucky	1,153,247	982,952	995,716
Louisiana	6,135,065	4,906,814	4,889,786
Maine	---	81,680	101,291
Maryland	3,346,614	3,085,968	3,082,755
Massachusetts	1,111,976	1,073,976	1,086,049
Michigan	5,473,128	4,565,431	4,550,980
Minnesota	679,900	398,524	415,728
Mississippi	3,989,802	3,858,444	3,849,363
Missouri	3,661,854	2,126,311	2,130,389
Montana	140,027	227,860	246,360
Nebraska	557,716	323,846	341,618
Nevada	---	281,610	299,702
New Hampshire	---	73,564	100,000
New Jersey	4,437,010	4,271,116	4,258,901
New Mexico	2,053,782	1,990,268	1,995,379
New York	14,813,655	13,186,732	13,106,786
North Carolina	6,614,746	5,092,577	5,074,120
North Dakota	108,252	149,740	163,835
Ohio	5,361,309	4,318,145	4,305,572
Oklahoma	1,364,774	1,300,256	1,310,609
Oregon	449,427	364,073	381,540
Pennsylvania	4,682,469	4,305,357	4,292,881
Rhode Island	184,205	184,205	203,037
South Carolina	4,342,670	3,659,420	3,651,851

	1978 Appropriation	1979 Appropriation	1980 Estimate
South Dakota	$ 400,597	$ 232,612	$ 251,077
Tennessee	2,437,941	2,677,207	2,677,100
Texas	18,394,048	13,761,760	13,677,444
Utah	335,041	326,026	343,780
Vermont	---	73,564	100,000
Virginia	4,706,978	3,686,427	3,678,652
Washington	1,525,260	885,665	899,168
West Virginia	461,421	331,749	349,461
Wisconsin	1,538,396	893,293	906,739
Wyoming	187,821	143,728	162,867
District of Columbia	1,979,799	1,990,543	1,995,652
American Samoa	---	---	---
Guam	---	---	---
Puerto Rico	---	---	---
Trust Territories	---	---	---
Virgin Islands	---	---	---
Mariana Islands	---	---	---

1/ Includes $17,836,707 in supplemental appropriations from P.L. 95-26.

EMERGENCY SCHOOL AID

Grants to Nonprofit Organizations

State or Outlying Areas	1978 Appropriation	1979 Appropriation	1980 Estimate
TOTAL	$17,200,000	$17,200,000	---
Alabama	511,356	502,752	---
Alaska	46,129	45,353	---
Arizona	256,985	252,661	---
Arkansas	208,306	204,801	---
California	2,274,484	2,236,213	---
Colorado	180,336	177,302	---
Connecticut	144,756	142,320	---
Delaware	51,989	51,115	---
Florida	719,897	707,784	---
Georgia	651,754	640,787	---
Hawaii	221,438	217,712	---
Idaho	---	22,620	---
Illinois	942,228	926,374	---
Indiana	232,365	228,455	---
Iowa	32,979	32,424	---
Kansas	33,189	84,896	---
Kentucky	124,972	122,869	---
Louisiana	623,849	613,352	---
Maine	---	10,210	---
Maryland	392,348	385,746	---
Massachusetts	136,545	134,247	---
Michigan	715,994	570,679	---
Minnesota	50,669	49,816	---
Mississippi	490,559	482,305	---
Missouri	270,338	265,789	---
Montana	28,969	28,482	---
Nebraska	---	40,481	---
Nevada	---	35,201	---
New Hampshire	---	9,195	---
New Jersey	293,873	533,890	---
New Mexico	253,041	248,783	---
New York	1,837,101	1,648,342	---
North Carolina	647,566	636,572	---
North Dakota	14,250	18,718	---
Ohio	549,006	539,768	---
Oklahoma	165,314	162,532	---
Oregon	45,509	45,509	---
Pennsylvania	336,717	538,170	---
Rhode Island	23,420	23,026	---
South Carolina	465,256	457,427	---

	1978 Appropriation	1979 Appropriation	1980 Estimate
South Dakota	$ ---	$ 29,077	---
Tennessee	340,378	334,651	---
Texas	1,749,660	1,720,220	---
Utah	41,450	40,753	---
Vermont	---	9,195	---
Virginia	463,946	460,803	---
Washington	112,603	110,708	---
West Virginia	---	41,469	---
Wisconsin	113,573	111,662	---
Wyoming	17,966	17,966	---
District of Columbia	257,819	248,818	---
American Samoa	---	---	---
Guam	---	---	---
Puerto Rico	---	---	---
Trust Territories	---	---	---
Virgin Islands	---	---	---
Mariana Islands	---	---	---
Lapse	129,118	---	---

1/ Program no longer under State apportionment formula after 1979; changed by P.L. 95-561.

Emergency School Aid

Pilot Programs

State or Outlying Areas	1978 Appropriation	1979 Appropriation	1980 [1/] Estimate
TOTAL	$32,250,000	$32,250,000	---
Alabama	1,118,849	942,661	---
Alaska	---	85,037	---
Arizona	562,285	473,740	---
Arkansas	455,774	384,002	---
California	4,976,575	4,192,898	---
Colorado	350,867	332,442	---
Connecticut	316,734	266,849	---
Delaware	81,722	95,841	---
Florida	1,358,718	1,327,096	---
Georgia	1,426,037	1,201,475	---
Hawaii	406,402	408,210	---
Idaho	---	42,413	---
Illinois	1,065,592	1,736,951	---
Indiana	---	428,353	---
Iowa	---	60,796	---
Kansas	---	159,181	---
Kentucky	168,884	230,379	---
Louisiana	685,035	1,150,034	---
Maine	---	19,144	---
Maryland	98,857	723,274	---
Massachusetts	270,131	251,713	---
Michigan	1,270,016	1,070,023	---
Minnesota	---	93,404	---
Mississippi	1,073,347	904,323	---
Missouri	591,500	498,344	---
Montana	63,385	53,404	---
Nebraska	49,700	75,901	---
Nevada	---	66,002	---
New Hampshire	---	17,241	---
New Jersey	1,188,144	1,001,043	---
New Mexico	136,130	466,469	---
New York	3,668,298	3,090,640	---
North Carolina	838,057	1,193,573	---
North Dakota	33,274	35,096	---
Ohio	1,234,569	1,012,065	---
Oklahoma	242,465	304,747	---
Oregon	---	85,330	---
Pennsylvania	1,197,669	1,009,068	---
Rhode Island	---	43,173	---
South Carolina	898,596	857,667	---

State or Outlying Areas	1978 Appropriation	1979 Appropriation	1980[1] Estimate
South Dakota	$ 46,875	$ 54,518	---
Tennessee	669,537	627,470	---
Texas	3,828,257	3,225,413	---
Utah	---	76,412	---
Vermont	---	17,241	---
Virginia	1,025,494	864,006	---
Washington	137,064	207,578	---
West Virginia	---	77,754	---
Wisconsin	126,089	209,366	---
Wyoming	19,380	33,686	---
District of Columbia	553,731	466,534	---
American Samoa	---	---	---
Guam	---	---	---
Puerto Rico	---	---	---
Trust Territories	---	---	---
Virgin Islands	---	---	---
Mariana Islands	---	---	---
Lapse	15,961		

[1] Program not authorized beyond 1979.

TUESDAY, MARCH 27, 1979.

LIBRARY RESOURCES

WITNESSES

ERNEST L. BOYER, COMMISSIONER OF EDUCATION

ACCOMPANIED BY:

DICK HAYS, ASSOCIATE COMMISSIONER/DIRECTOR, OFFICE OF LIBRARIES AND LEARNING RESOURCES
ROBERT KLASSEN, CHIEF, PROGRAM COORDINATION STAFF, OFFICE OF LIBRARIES AND LEARNING RESOURCES
HERMAN R. GOLDBERG, ACTING ASSOCIATE COMMISSIONER, STATE AND LOCAL EDUCATIONAL PROGRAMS
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET
PETER RELIC, DEPUTY ASSISTANT SECRETARY

Mr. NATCHER. We take up at this time the Library Resources request, and we have Dr. Boyer, the Commissioner of Education.

Doctor Boyer, who do you have with you on this part of your budget request?

Dr. BOYER. Mr. Chairman, the first two members to my right represent our Library Program, Dick Hays, who is the Associate Commissioner, and his Associate, Bob Klassen; Herman Goldberg is here, who is Associate Commissioner, administering our local programs; Cora Beebe administers us all, and to my left is Peter Relic, from the Assistant Secretary's Office, Deputy Assistant Secretary, and Bill Forbush, ever present with us, Deputy Assistant Secretary, Budget.

Mr. NATCHER. Thank you, Doctor Boyer.

Now, we will place your statement, with your permission, in the record in its entirety and if you want to highlight this statement you go right ahead.

We will be glad to hear from you.

[The statement follows:]

FEBRUARY 1979

BIOGRAPHICAL INFORMATION

NAME: Ernest L. Boyer

DATE OF BIRTH: September 13, 1928

PLACE OF BIRTH: Dayton, Ohio

FAMILY: Married -- Kathryn Garis Tyson, August 26, 1950
R.N. -- Montgomery County (Pa.) Hospital
B.S. -- State University of New York
C.N.M. -- (Certified Nurse Midwife)
Georgetown University

Four children--Ernest, Jr. (1951), Beverly (1953), Craig (1955), and Stephen (1964)

CURRENT POSITION:

1977 - PRESENT	UNITED STATES COMMISSIONER OF EDUCATION (Appointed by the President of the United States and confirmed by the U.S. Senate.)

PREVIOUS POSITIONS:

1970 - 1977	STATE UNIVERSITY OF NEW YORK, Chancellor
1965 - 1970	STATE UNIVERSITY OF NEW YORK, Vice Chancellor and Executive Dean for University-wide Activities
1962 - 1965	UNIVERSITY OF CALIFORNIA, Santa Barbara, Director, Center for Coordinated Education
1960 - 1962	WESTERN COLLEGE ASSOCIATION, California, Director, Commission to Improve the Education of Teachers
1956 - 1960	UPLAND COLLEGE, California, Academic Dean and Professor of Speech Pathology and Audiology
1955 - 1956	LOYOLA UNIVERSITY at Los Angeles, Assistant Professor and Director of Forensics

Biographical Information -- Ernest L. Boyer

DEGREES AND PROFESSIONAL EDUCATION:

1950 -- A.B., GREENVILLE COLLEGE
1952 -- Graduate Studies, OHIO STATE UNIVERSITY
1955 -- M.A., Ph.D., UNIVERSITY OF SOUTHERN CALIFORNIA
1959 -- Postdoctoral Fellow, UNIVERSITY OF IOWA HOSPITAL
(Medical Audiology)
1976 -- Visiting Fellow, CAMBRIDGE UNIVERSITY

HONORARY DEGREES:

1971	Litt.D., Chapman College L.H.D., Dowling College LL.D., University of Southern California Presidents Medal, Tel-Aviv University P.S.D., Greenville College
1972	L.H.D., Pace University
1973	D. Sc., Alfred University LL.D., Fordham University LL.D., University of Akron LL.D., Roberts Wesleyan College
1975	LL.D., University of Rochester
1977	L.H.D., Fairleigh Dickinson University
1978	LL.D., College of William and Mary LL.D., Beloit College D.F.A., Wheeling College LL.D., Hamilton College L.H.D., City University of New York D. Paed., Yeshiva University LL.D., Hope College Litt.D., University of Maryland
1979	LL.D., Drake University Litt.D., Rider College

SELECTED RECOGNITIONS:

Selected as one of America's two Outstanding Leaders in Education, U.S. News and World Report (1978)

Presidential Commission on the Financing of Post Secondary Education (1972-73)

Presidential Committee on the Education of Women (1975)

Commission on Critical Choices for Americans (1973-74)

SELECTED RECOGNITIONS (CONT'D.):

Governor's Award, State of Ohio (1978)

Presidential Fellow, Aspen Institute for Humanistic Studies (1978)

Encyclopedia Britannica Achievement in Life Award (1978)

PAST AFFILIATIONS:

President, National Association of State Universities and Land Grant Colleges

Executive Committee, American Council on Education

Executive Committee, American Association for Higher Education

Member, Carnegie Council on Policy Studies in Higher Education

Board of Trustees, Carnegie Foundation for the Advancement of Teaching

Board of Trustees, Teachers Insurance and Annuity Association of America

Board of Trustees, Educational Testing Service

Board of Trustees, Saratoga Performing Arts Center

Board of Trustees, Earlham College

Board of Trustees, Institute for International Education

Board of Trustees, International Council for Educational Development

PRESENT MEMBERSHIPS:

Board of Directors, Kennedy Center for the Performing Arts
National Council on Educational Research
National Council on Education Statistics
Federal Interagency Committee on Education
National Commission on Truman Public Service Fellowships
Executive Committee Center for the Book, Library of Congress

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by Commissioner of Education

on

Library Resources

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to present the request for the Library Resources appropriation. This appropriation supports our efforts to encourage efficiency through the formation of interconnections between library systems and other educational institutions, and promotes excellence in resource development in schools and major research libraries.

The Library Resources request of $233,837,000 represents a decrease of $32,638,000 below the 1979 amount. It is our belief that the Federal role in support of libraries rests not with operational support, but with being in the forefront of providing equal access and equality of service to prospective users. This suggests a significant Federal responsibility to foster changes at the State and local levels where funds are tied to basic library operations.

Public Library Services

The $56,900,000 requested for Title I of the Library Services and Construction Act will serve to strengthen State agencies in establishing, extending and improving public library services, particularly for 500,000 blind and physically handicapped persons, 750,000 institutionalized and 29,000,000 disadvantaged persons. The special needs of urban libraries have been recognized by the State library agencies which have directed between 20 and 30 percent of the Federal program funds into urban library services.

Over the past 23 years, almost $700 million has been made available for these purposes, and about 96 percent of the population now has access to public library services.

Interlibrary Cooperative Services

For Interlibrary Cooperative Services, the requested amount of $3,337,000 will support capacity-building activities for approximately 130 projects, emphasizing the sharing of library resources so that users will have access to the materials of cooperating libraries. Approximately seven percent of the Nation's libraries of all types will be participants in these cooperative projects.

Although the 1980 funding level is $1,663,000 below the 1979 level, States may choose to fund additional interlibrary cooperative projects from the much larger Public Library Services program, which also encourages such efforts as part of the general goal of increasing the access to public library resources.

School Libraries and Instructional Resources

The $149,600,000 requested for Title IV-B of the Elementary and Secondary Education Act for school year 1980-1981 provides school library and instructional resources to local educational agencies through the States.

The request for funding for this program does not include an additional $18 million requested for Guidance, Counseling, and Testing which was separately authorized by the Education Amendments of 1978.

The 1980 request of $149,600,000 for school library resources and instructional equipment will serve about 45.5 million elementary and secondary school students, of whom close to ten percent or 4.3 million students are in private schools. The law permits the States to focus support on local educational agencies which are poor or have large numbers of students whose education is more costly. We continue to see these emphases, as well as continued aid to private school children and the introduction of new instructional approaches to the use of equipment, as the key priorities of the program.

Guidance, Counseling, and Testing

The Guidance, Counseling, and Testing program, formerly an authorized activity under ESEA IV-B, was established in the Education Amendments of 1978 as a separate program under ESEA IV-D.

Since fiscal year 1979 funds for this program were appropriated under the ESEA IV-B authority, supplemental appropriation language is proposed to transfer $18 million to the new ESEA IV-D authority, the amount necessary to meet the "triggering" requirements of the legislation.

In 1980, $18 million is requested, of which about $15 million will be expended at the local level for comprehensive guidance, counseling, and testing programs in elementary and secondary schools. These funds will support an estimated 7,500 local educational agency projects with an estimated 3.7 million children participating. The remainder, $3 million, will be expended at the State level for administration, leadership, and supervisory services and at the Federal level primarily to provide information and training to the guidance profession. Particular emphasis will be on meeting guidance needs of special populations, such as educationally disadvantaged children, handicapped children, and migrant children.

College Library Resources, Training, and Demonstrations

Three library programs authorized under Title II of the Higher Education Act would not be funded in 1980--College Library Resources, Library Career Training, and Library Demonstrations.

No funds are requested for College Library Resources in 1980 since the program as authorized mandates grants to all accredited institutions of higher education, without regard to need. Last year, the Senate Appropriations Report recommended that future reauthorization efforts be directed toward permitting the award of grants to institutions on the basis of need. In response to this directive, the Administration is currently considering options for awarding grants on the basis of need in connection with reauthorization of the Higher Education Act.

The 1980 budget requests no funds for the Library Career Training program. We recognize the major contribution this program has made in recruiting minorities and upgrading women in management positions. Since 1966 it has contributed to the retraining of over 15,000 librarians by updating their skills in key areas such as technology, media services, and public administration. Training or retraining of librarians may, at the discretion of the States, be conducted under Title I of the Library Services and Construction Act.

Again, no funds are requested in 1980 for the Library Demonstration program. However, over 300 projects have been funded since its inception in 1967. We feel that in order to improve the quality of library services in all arenas, the profession should look at many of these innovative projects to determine ways in which they might be used for replication in upgrading or updating library services across America.

Strengthening Research Libraries

For the Strengthening Research Libraries program, authorized under Title II-C of the Higher Education Act, we are requesting $6 million, the same level as in 1979. These funds are used to help preserve and maintain the excellence of the collections as the Nation's cultural and intellectual resources. The program is designed to make these collections available by creating an effective national network of libraries serving students, faculty, scholars, and researchers with the combined resources of over 200 million volumes.

The 1980 request will support about 20 grants averaging $300,000 each to strengthen these major research collections. Although grants are awarded only to major research libraries, all libraries indirectly benefit by being able to tap into expanded collections through interlibrary lending which is one of the major purposes of the program. Although research libraries have evolved separately and independently, there is an encouraging trend toward interdependence among them and a growing system of sharing those resources which the Federal government seeks to foster with these funds.

Summary

In conclusion, the Library Resources request of $233,837,000 represents focused funding which concentrates on specialized services and extension of services to unserved and underserved population groups under the Public Library Services program. It also emphasizes the promotion of resource sharing under Interlibrary Cooperative Services, as well as strengthening and improving the resource sharing capability and development of this Nation's major research libraries. Finally, we seek broad support for libraries and instructional resources and the provision of guidance, counseling, and testing in public and private elementary and secondary schools.

My associates and I will be pleased to answer any questions you may have.

Dr. **Boyer**. Thank you, Mr. Chairman.

Let me say that the two budgets are dealing with two areas that we give special attention to, and I would say in the educational process are crucial.

I believe deeply that the libraries in this country represent an educational structure that is important and, in fact, I have often thought that the libraries are companions to public schools as we develop public schools in this Nation.

Making books available to all citizens free of charge is a uniquely American enterprise, at least in scope and scale, and we support its continuation.

The budget before us is a reduction in the amount of money from 1979. I will try to explain the reasons for that, but I want to underscore the fact that it in no way reflects a diminished interest on the part of the Commissioner of Education or our Office in the importance of libraries and library services.

If I can give one generalization underlying that reduction, Mr. Chairman, I would say that following a general mandate within the Department and the Administration generally we have proposed for 1980 the request that the Administration brought to you in 1978 and, in effect, chose not to fund the increases that Congress added.

That gives some logic to a number of apparent reductions from 1979. It was a general strategy that appeared a number of places in our budget.

SPECIAL PROJECTS AND TRAINING

Under Special Projects, the Commissioner's Office has special interest in this group of programs. They represent the innovations, the areas of new interest and in some respects are the most fascinating parts of our program, even though the dollars are very small.

Frankly, one of the things that has fascinated me and even perplexed me is how do you take a small amount of money, and most of these are $2 million, $3 million, and $5 million appropriations, how do you take that amount of money and make a difference?

We have tried to make some strategy changes in these programs, that I will discuss in detail as we move through them, if you choose, but I believe we can make a difference.

ORGANIZATIONAL CHANGE IN OE

Organizationally, I have made a move in the last two weeks that I think will help in that regard.

I have taken 15 small discretionary programs that were located in six separate bureaus and I have organized a single bureau that will house all of our small discretionary grants so that they can begin to work together on the procedures that they have in common, receiving applications, giving awards and evaluation.

For the first time we are going to be dealing with these small discretionary grants as a group and I believe they will have a much more important impact.

Further, from the standpoint of school districts, they will be able to come to one office and negotiate all of the information they might need to deal with the discretionary grants instead of having to find their way, like Alice in Wonderland, into various little pockets in the bureau.

I think organizationally we have made progress. I think in terms of how the regulations have been written in some of these we are making progress, and I think we are going to see more impact from these programs that are small but are pointing in new directions.

That is an overview, and I, with my colleagues, will be pleased to answer any questions you may have about the budget submitted.

Mr. **Natcher**. Thank you, Dr. Boyer.

LIBRARY RESOURCES REDUCED BUDGET

Now, for Library Resources, the budget request is $233,800,000, a reduction of $32,600,000 from fiscal year 1979. Your chart on page 119 of your budget shows that for every year since 1970 the budget for libraries has proposed a decrease from the previous year.

In general, why are the library programs treated as a low priority in the budget? This has been going on now for some eight or nine years.

Dr. **Boyer**. The only justification that I can give you for the current year is the procedure that I mentioned at the outset, we were advised, given the austerity, that increases that went beyond the 1978 increase would not be recognized, that we would forward to you a budget that reflected our own requests last year.

Consequently, the public library budget, for example, is returned from $67 million back to $60 million because that was the base budget we requested and that reoccurs at several other places.

Let me say that I think the issue is not low priority so much as it is how much; what is the Federal role and how does it match the State and the local obligations?

I think the more positive thing to say is that we have had a remarkable success story over the years. In the public libraries, for example, we have triggered State matching, and now practically all of the States are vigorously involved in public libraries at the statewide level, primarily I think because of the Federal intervention.

On balance, then, I think, while the job is not finished, this program has had a remarkable impact in stimulating local and State support and provides only 5 percent of the total investment. But I think the impact has been much larger, and I don't think, therefore, it is a low priority. It's a matter of seeing that our job is done.

CITY AND SCHOOL LIBRARIES

Mr. **Natcher**. Now, Doctor Boyer, if the committee should agree with the proposed reduction set forth in the budget, will the library programs in the cities and schools be seriously damaged?

Dr. **Boyer**. This budget for public libraries suggests about 25 to 30 percent of the money will go to urban libraries or—and I understand your question—there would be continued support of urban libraries in the public library budget.

Mr. **Natcher**. Well, now, what about school libraries generally?

Dr. **Boyer**. The funding level requested for school libraries will provide stability and will assure the continued support of the schools. Interestingly enough, how do I want to say it, every school district in the country has, because of this program, been able to purchase 10,000 school books, that is the magnitude of the contribution we have made.

The budget before you will permit $149 million to continue to go to school libraries. It does break out counselling and guidance, but it's based on legislative mandate, and we think that school libraries will continue to be well funded in the budget before you.

One other statistic that might be interesting, it's my memory that 153 million books have been purchased by schools as a result of this program.

URBAN LIBRARIES

Mr. NATCHER. Doctor Boyer, as I understand you now, as far as the proposed reductions are concerned, there really would be no effect in the cities. Is that what you are saying to the committee?

Mr. HAYS. If I might amplify what the Commissioner said.

Mr. NATCHER. Go right ahead. I want to know the effect of the reduction.

Mr. HAYS. First, I would like to address the Public Library Program, the Library Services and Construction Act.

Mr. Chairman, with that reduction, which is as minimal as we could make it, we feel that the States who have the discretion to use the money depending on the priorities of the law and the needs as they see them within the State, will be able to maintain the highest priority projects and, particularly, there will be no reduction in the services to institutionalized, blind, handicapped and elderly persons.

The purpose of the Library Services and Construction Act, as the Commissioner indicated, is to extend and improve service. We believe there will be adequate money to maintain that type of priority.

In addition, over the past few years, States through their leadership have done a very good job in reducing the amount of overhead needed to run the program and have better oriented and allocated money to priority areas.

We feel with that sort of trend line most of the projects will be maintained.

As it relates to school libraries, the actual reduction per child will be reduced from something like $3.50 to $3.20. We feel that again the legislation, the Education Amendments of 1978, provided an incentive and encouragement to better use the money to priority areas and, as specified, certain areas which should be emphasized and includes money where there are low-income children, where there are children from non-English speaking families, where there are rural childen. We feel, for the money spent over the years in better orientation and allocation, this year we will be able to address most of the needs.

Mr. NATCHER. As far as the reduction of $32.6 million is concerned, the great part of that amount would be in school libraries. Is that correct?

Ms. BEEBE. The figures, Mr. Chairman, are as follows: $7.2 million in public libraries; $12.4 million in school libraries; $9.9 million in college libraries; $3 million for library training and demonstration, for a total of $32.6 million.

Mr. NATCHER. Now, there are the amounts that we are interested in. That answers the question.

FEDERAL ROLE IN LIBRARIES

So, in effect, you are saying that the Federal Government has only a limited role in library program support; is that your conclusion, Doctor Boyer?

Dr. BOYER. Yes, it is, but a strategic role. I mentioned currently the public library assistance is about 5 percent of all the money that is being spent on public libraries in this country. The State, I believe, is about 13 percent, and the local support is 82 percent. I don't want to convey the impression that there may not be a modest negative impact; in a sense, any cut would I think reduce a small percentage.

But we are very much a minor partner in this. But I would have to answer your question in the affirmative.

PUBLIC LIBRARY SERVICES

Mr. NATCHER. Under the Public Library Services Program the request is for $56.9 million. Are these funds used mainly for salaries of library staff?

Mr. HAYS. The law provides the State great license as to how they wish to orient, and basically many States run it as a form of competition. The local library proposes a project to the State. It certainly could include salaries for that particular project; it also includes purchases of materials and operating a program to extend and improve services.

Our records indicate that 41 percent of the money is spent on books and materials.

Mr. NATCHER. Purchase of books?

Mr. HAYS. Yes, sir.

Mr. NATCHER. Forty-one percent?

Mr. HAYS. Yes, sir.

Mr. NATCHER. All right.

Mr. HAYS. Print material.

Mr. NATCHER. Yes.

Dr. BOYER. Interestingly, I would add another figure, an interesting additional statistic is 171 million books have been purchased since the life of this program began based upon the plan that each State submits. We would only be partially the funder of that, but the total plan that was triggered by Federal support has led to 171 million books being purchased under the public library's authority.

OTHER FEDERAL PROGRAMS FOR PUBLIC LIBRARIES

Mr. NATCHER. In addition to the Library Services Program, what other Federal funds are available to support public libraries?

Ms. BEEBE. Under general revenue sharing, funds are available, and in 1977 almost $80 million were used for that purpose. The National Endowment for the Humanities has a small program which provides assistance to public libraries.

Mr. NATCHER. All right.

Mr. Michel?

Mr. MICHEL. Thank you, Mr. Chairman.

COST OF BOOKS

Doctor, since so much of your money goes for the purchase of books, how much more are we paying for books this year than last year or the last several years as printing costs have gone up, and paper I guess has gone up.

Dr. **Boyer**. Very much so.

Mr. **Michel**. Do you have a few comparative figures?

Mr. **Hays**. Yes; we do. The average increase per year for books and materials is around 12 to 15 percent. In fact, the average price of a hard copy book today is $20.10, and the price of a periodical today, which is escalating even beyond the price of books each year, is $27.58. If we took a base line of 1967 we would see percentages in the order of 100 to 200 percent for the printed material.

Mr. **Michel**. So it's not only hospital costs that need to be contained, but book costs.

Dr. **Boyer**. Book containment, right.

HIGHER EDUCATION ACT REAUTHORIZATION

Mr. **Michel**. Have you developed any new legislative proposals as yet to replace the existing legislation that expires in 1980?

Dr. **Boyer**. No; we have not prepared our submission, but we have been consulting very intensively with the library associations.

I would hope very much, Mr. Michel, that we would be able to come to you with legislation that would strengthen our support for the college library program which, frankly, embarrasses me.

I have deep conviction that libraries represent the central place of learning on college campuses, and I have found it difficult to support the current authority which distributes less than $4,000 to every library in the country.

I just don't think that is the way to use $10 million and we could do that for 100 years and our libraries could still die one by one by one. A grant of less than $4,000 is not going to strengthen them and save them.

I know the librarians will tell you how they can spend that money. We could all spend that money, but I would like to bring to you some new authority to find a way to invest whatever appropriation we get in a much more rational and carefully targeted way so we could, in fact, stabilize and strengthen libraries based on some purpose other than a $4,000 grant to each institution.

That is a long response to your question, to say we are not quite ready, but we are trying to do our best to have some good programs in the reauthorization.

AVAILABILITY OF PUBLIC LIBRARY SERVICES

Mr. **Michel**. When you say 96 percent of the people of the country have access to libraries, what does that mean, taking all of the population?

Dr. **Boyer**. It means either they can drive there, walk there or a bookmobile could come to them. They would have some service that would be accessible.

For example, before this progam began there were 940 counties in the country that did not have library access, and now it has been reduced to 240. Now the libraries are available to some 96 percent of the population, within reasonable service arrangements, either to go directly or to have books delivered.

So that we have seen a dramatic spreading of library service. Now it sometimes is only an inch deep, but library services have been triggered as a result of this.

Mr. MICHEL. Under the Public Libraries Program your justifications state recipients are expected to use funds "more wisely." Now, what is the basis for that statement?

Dr. BOYER. Well, what can you say except that we are eager not to see the service is diminished. We were in a tough budget year and we would hope by more prudent management we wouldn't reduce the service. Those are not much more than words, if I am candid.

Mr. MICHEL. A figure of speech, right?

Dr. BOYER. Right.

Mr. MICHEL. All right.

Now, there is also reference to the elimination of practices and procedures which have proven ineffective and inefficient in the past. Have you got any specifics in hand?

Mr. HAYS. Well, I think we have found over the years that the States could do a much better job in targeting the funds to the projects which really were to extend and improve service, and I think the States have done a better job.

I think their record from the past five years is particularly impressive. I think we have improved through the Library Services and Construction Act, we have provided funds for them to increase staffs at the State level, to provide better planning and administration of the program.

I think these investments have paid off, and we believe that will continue.

Dr. BOYER. Let me draw an analogy from our earlier discussion, Mr. Michel, that the States have to choose how best to distribute these monies, and it can be spread to all libraries in a kind of mindless approach or it can, in fact, go to libraries where the impact would be much greater and the numbers of the individuals served could be expanded.

So, I think this simply does point out that you can get a bigger bang for the buck if the method of distribution is carefully examined.

DISPARITY IN QUALITY OF LIBRARY SERVICES

Mr. MICHEL. With all of these references to the States, is there a great disparity between the States in their library services?

Dr. BOYER. Yes.

Mr. HAYS. Yes, there is, sir.

Mr. MICHEL. Would you mind naming some of those who are exemplary and several of those who are less?

Mr. HAYS. Some names that come readily to mind, sir, are Illinois, New York, and California as providing exemplary services. Through their leadership and our working with the State library directors in those States, we have been trying to provide in-service training for leaders and staffs of other States.

In fact, this weekend we will begin a meeting in Washington with the staffs and directors of the State libraries to improve the services and make sure that this money is wisely and effectively used.

Mr. **Michel**. You might supply for the record several of those States that leave something to be desired; I would be kind of curious to know who they are.

Mr. **Hays**. I believe that information can be provided, sir.

Mr. **Michel**. Okay.

[The information follows:]

States Without Grant-in-Aid Programs For Public Libraries

As of April 1979, there are seven States which do not have a grant-in-aid program in support of local public libraries. They are the following:

Montana, New Hampshire, North Dakota, Utah, Vermont, Washington, Wyoming.

This does not mean that local public library systems in these States are inadequate, but it would imply spotty coverage.

In addition to the above, the District of Columbia, Hawaii, Puerto Rico, and the outlying areas are not structured to provide grant-in-aid programs since there is a single library system in each.

INTERLIBRARY COOPERATIVE SERVICES

Mr. **Michel**. What kind of interest is there on the part of the libraries in participating in that Interlibrary Cooperative Program?

Mr. **Hays**. The interest is quite high, sir. Most of the directors of State library agencies as well as those who direct library services at the local level believe that this program has had an impact and has a great potential contribution, particularly as we enter into the period of austerity. Instead of everyone buying the same books and materials, it would be nice to find ways of effectively and reasonably sharing these resources.

This program through the years has promoted that effort, and we believe it is an important one, even though the funds are not high. It provides a useful service, and it encourages States and many of them have their own cooperative programs.

In addition, they may use LSCA Title I money for these purposes, too.

Dr. **Boyer**. Every State gets an appropriation driven by population and I think the minimum is $40,000.

SCHOOL LIBRARIES AND INSTRUCTIONAL RESOURCES

Mr. **Michel**. Now, Doctor, you say, to paraphrase some of your response to my question earlier, that you are somewhat ashamed of the college program or you want to eliminate that college library program because of the funds are frankly spread too thin.

Can't the same argument be applied to the Elementary and Secondary School Library Program where funds are also spread among every system?

Dr. **Boyer**. Well, I think not. In the first instance, the average elementary and secondary library budget is a much smaller base and it is possible to I think have a major impact on a smaller budget. Their requirements to have an adequate library are just on an entirely different scale, and I think to have an adequate library for resource in elementary and secondary schools is in no way comparable to what it takes to build and sustain a college or university library.

So, measured against that scale and the requirements, I don't think the analogy would hold. There is a distribution difference as well.

Mr. **Hays**. In addition, the Education Amendments of 1978 provide more of an emphasis based on need in the school library program, and the States over the past couple of years have also taken an initiative in moving that away from a wider distribution to targeted areas.

Dr. **Boyer**. That does not go by formula.

Mr. **Hays**. No; but they are encouraged to allocate based on need, and there are some provisions in the law for increased funds where there are disadvantaged and economically needy children.

Mr. **Michel**. Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Early?

Mr. **Early**. Thank you, Mr. Chairman.

Doctor, the Administration proposes to transfer $18 million out of the School Libraries program into the Guidance and Counselling Program. Now, this new Guidance Program would not permit all of the funds to flow to local school districts, as I understand it, but instead a portion of the funds would stay in Washington to establish a new Office of Guidance Programs.

Now, how is that consistent with saying we are trying to get the monies to the people rather than increasing the bureaucracy?

Dr. **Goldberg**. Mr. Early, of the $18 million, $15 million is slated for use in local education agencies, and all but $725,000 of the remainder is slated for use in the State education departments.

The amount that has been reserved from past allocations, when it was consolidated with libraries for guidance service at the central headquarters in Washington, has been 5 percent. We are asking for a lesser amount than 5 percent. Five percent of $18 million would be $900,000. In a very intensive planning period we set forth exactly what we would do for the State education agencies and through them for the locals with $725,000.

We propose to set up 24 study groups throughout the Nation inviting 480 guidance counsellors from school districts throughout the Nation to begin to get a handle on some changing attitudes of how guidance and counselling services might work, especially in our urban centers.

Mr. **Early**. Why should there be a new Office of Guidance?

Dr. **Goldberg**. It is not a new office. There are some folks at the Office of Education whose careers have been in guidance and counselling. It is now earmarked since it has been separated from ESEA IV-B as a new office, but it really is the same group of people.

Mr. **Early**. The justification says a new office.

Dr. **Goldberg**. I will try to explain that. When you are an appendage of something else you have staff working; when you are separated from it you probably put a new sweatshirt on. But it's the same group of people.

Mr. **Early**. Previously you were not identified as being an office. Now you are boldly saying it's a new Office of Guidance Programs. Yet I keep hearing in the testimony that educators want to decrease the bureaucracy and decrease the amounts of moneys in

Washington and get it back to the States, to the school districts, and to the individuals.

Dr. **Goldberg**. Yes. There are no funds whatsoever, there is not one penny in this program for S&E, for salaries and expenses, not one penny. The $725,000 out of the $18 million is reserved for training State education guidance leaders in the kinds of things that critics of guidance programs are emphasizing, and the most frequent criticism is that disadvantaged youngsters, most often are given incorrect guidance. They are being, in the words of some people, banished to programs of academic or vocational training at a lower level than their potential would indicate.

There are needs for strengthening the guidance skills of staff in dealing with children who have limited English-speaking ability, for handicapped children, for guidance counsellors to understand the relationship between school guidance programs and the division of vocational rehabilitation.

Mr. **Early**. You are saying the States can't do that, but that in Washington we can do it better out of the central office. You are telling me you can do it in Massachusetts and Kentucky and New York with one central office?

Dr. **Goldberg**. No; it's a partnership program, as I say, where we will pull together these 24 groups involving 480 of the leading guidance people from the Nation to assist them. We have skilled people here and there are skilled people in the States.

The results of some of the evaluations of guidance and counselling by those who are looking at local school systems, the results of the local or the regional accrediting associations frequently state this, that such and such a high school is not doing a good job in its guidance counselling, and they cite the reason for it.

So we are proposing here to enter a partnership with the States and through them with the local.

Mr. **Early**. Well, we are in a partnership with the States already.

Doctor Boyer, you suggested to me last year that you were trying to leave less money in Washington and give more to the States. This is another example of going in the opposite direction.

How much of the money would go to the State departments of education for leadership activity?

Ms. **Beebe**. Seven and one-half percent of the money appropriated.

Mr. **Early**. That is $15 million?

Ms. **Beebe**. No. Seven and one-half percent of $18 million.

Mr. **Early**. I thought I just heard only 13 of the 18 was going back.

Dr. **Goldberg**. $15 million of the $18 million goes to local education agencies, and $3 million minus $725,000 will be going to the States.

Mr. **Early**. Doctor Boyer?

Dr. **Boyer**. Mr. Early, these are breakdowns that the law has identified, and we are simply——

Mr. **Early**. I don't think the law dictates us to spend more money in Washington in any program.

Dr. **Boyer**. No; we are trying to implement this based upon the new legislation that separates out guidance and counselling as a separate item, and virtually all of that money is going either to local school districts to support guidance counsellors or to the State education departments to have statewide guidance and counsellors coordinating.

May I just make this point, please?

If there is any reference in the description that suggests we are expanding the bureaucracy, it's a misstatement. We are not creating——

Mr. Early. You are spending more money here, even if it is $725,000. That is more money in Washington.

Dr. Boyer. Well, we are not creating expanded staff; we are not building up an expanded staff to do this. There was some money identified in the authority which seemed to have powerful potential if we would have several national conferences and meetings with those that are trying to help at the local level, but that is virtually a fragment of the dollars involved, and it does not in any way build up an added administration or bureaucracy here.

I do think that there are national themes and national problems that can help local school districts and even State departments as they work together. That is just a little leverage money. The whole purpose of that is to strengthen what is going on in the schools, what is going on at the State level, and in no way builds up the salaries and expenses account in my office.

Mr. Early. Well, that is what we talk about, but that is not what the money shows.

You and Dr. Berry told this committee that the educational moneys were for the needy and underpriviliged.

Now, in several answers to questions from the Chairman you said that the States will absorb the loss of Federal monies. Now, the States that are going to absorb are the States that have a surplus. The States that are needy are not going to be able to absorb.

Now, how is that consistent? You say you are cutting back on a program which the State will absorb. The needy States are the States without the surpluses, yet those are the ones you are cutting out.

Dr. Boyer. Well, I think this program will, in fact, benefit the States and the locals.

Mr. Early. The States that can absorb, but not the States that are needy. How can a State that is needy absorb library expenses?

Dr. Boyer. The distribution of this is on the basis of a formula which we do not control, and they will all benefit based on the population they are serving.

Mr. Early. Let's go to another example.

You cut out all of the money for college libraries, the $9.975 million.

Dr. Boyer. Yes, sir.

Mr. Early. You said that previously you identified all of the colleges and gave them a stipend.

Dr. Boyer. That is what the law required.

Mr. Early. How do you address the need if the Harvards, Stanfords, and Yales get the same as the rest?

Dr. Boyer. That is precisely why I think it is a bad formula and why we didn't fund it.

Mr. **Early**. Now, it's not funded. Tell me, the Harvards, Yales and Stanfords, and the well endowed schools are going to be able to offset the loss of funds. What does Howard and other poorer universities do?

Dr. **Boyer**. That was related to my conversation with Mr. Michel, in which I think we have an obligation to bring to you in reauthorization an approach to college library funding that will tie limited resources to institutional need in a more direct way.

Mr. **Early**. We are dealing with the needy and we are trying to get to them but when we put in a program for the States to absorb we are going away from the need, in my mind.

[The following questions were submitted to be answered for the record:]

Needs of Urban Libraries

Mr. Natcher. Generally what is the situation regarding urban libraries? Are they in serious financial trouble?

Dr. Boyer. Comprehensive data are not available. Our contacts with the library community indicate that inflation and various budget ceilings are affecting all public libraries adversely. It would be reasonable to expect that the scope of the impact of these conditions will be bigger and more evident in our larger institutions.

Mr. Natcher. Can you cite any specific examples where an urban library has closed a branch or curtailed hours of operation?

Dr. Boyer. The main library of the New York Public Library is closed two days per week and open only one evening during the week. Neighborhood libraries are also having to cut back on services and hours.

Mr. Natcher. How much is in the budget to support urban libraries?

Dr. Boyer. In 1977, a provision was added that reserves a portion of the annual appropriation over $60,000,000 for urban libraries. In 1979, urban libraries received a portion of $2,500,000 based on the percentage of the State's population in cities over 100,000. At present urban libraries receive 28 percent of the program's funds each year, without regard to the special urban library provision. These funds have been used to strengthen 170 metropolitan libraries as resource centers.

Public Library Services in Rural Areas

Mr. Natcher. How does the library services program help rural libraries?

Dr. Boyer. In 1976 approximately 4 percent of the people living in rural areas had no library service as compared with 89 percent in 1956 when the original Library Services Act was enacted. The emphasis on assisting rural libraries and rural areas has been to establish libraries where there were none; to strengthen individual rural libraries by the addition of more books and magazines; to increase the number of hours open; and to provide bookmobile service, books by mail, and back-up services from larger libraries through cooperative arrangements.

Library Services for Special Populations

Mr. Natcher. According to the budget, most of the library services funding is targeted toward the disadvantaged and the handicapped. What data do you have that shows that this program has helped these groups?

Dr. Boyer. Over 1200 projects since 1972 have served 29 million handicapped and disadvantaged people. Each year the public library program supports projects which provide special library services to 7,500,000 elderly people, 800,000 people in institutions and 500,000 blind and physically handicapped. These services include radio reading programs for the blind, the development of special collections serving the needs of the handicapped, "talking" books, and the services of local volunteers to help in providing these types of services.

Interlibrary Cooperative Services

Mr. Natcher. The budget for interlibrary cooperation is $3.3 million. Give us a few examples of projects funded under this program.

Dr. Boyer. The Iowa Library Information Teletype Exchange, I-LITE, is a statewide information network. Iowa residents have access to I-LITE through public, regional, and academic libraries and the State library. I-LITE is affiliated with a multi-State regional library network and has broadened access to a wide range of obscure and specialized magazines.

Nevada's Statewide Resource Coordination project is a comprehensive planning effort which is attempting to identify the information needs in the State and match the selection of materials to those identified needs.

The Colorado Information and Communication Network provides extensive marketing assistance and training for librarians in all types of libraries throughout the State. The training in on-line searching of information data banks, such as determining the appropriateness of requests for searching, and the interpreting of on-line printouts, are among the items taught to those who have had no acquaintance with computer operations.

Mr. Natcher. To what extent does the interlibrary cooperation program overlap with the library services program?

Dr. Boyer. A recent evaluation study of the Interlibrary Cooperation program noted that 20 percent of the funds utilized under the Public Library Services program supports interlibrary cooperation activities. Unlike the public library program, the Interlibrary Cooperation program provides funds to encourage cooperative services among academic, special, school and other types of libraries with public libraries.

Need for Public Library Construction

Mr. Natcher. What is your assessment of the need for public library construction assistance?

Dr. Boyer. According to recent American Library Association survey, there are 679 library construction projects ready to begin in fiscal year 1979, requiring

$176.5 million. A total of 2,214 projects have been postponed since 1975. In addition, as indicated earlier, there are 8,147 libraries needing structural changes totaling $275.6 million to make their buildings accessible to the handicapped.

Mr. Natcher. Describe other Federal assistance available for public library construction.

Dr. Boyer. The three largest alternative Federal sources for public library construction are the Appalachian Regional Development Act which provides up to 80 percent Federal funding of construction costs in communities in Appalachia; Local Public Works of the Economic Development Act which provided $138 million for 207 public library projects in fiscal year 1977; and General Revenue Sharing which according to our latest data for capital improvements provided an additional $36 million for public libraries.

Private School Aid Under ESEA IV-B

Mr. Natcher. For school libraries, the budget request is $149.6 million. How much of that amount will assist private school children?

Dr. Boyer. It is estimated that $10 million will be used for the benefit of private school children.

Mr. Natcher. Do these funds go directly to private schools?

Dr. Boyer. No. The control of funds and title to materials and equipment acquired under the program are vested in a public agency. The public agency administers the funds and property.

Mr. Natcher. Will you explain how private schools participate in this program?

Dr. Boyer. They participate through the local educational agency. Local educational agencies consult with appropriate representatives of the private school children regarding their needs. Following this consultation, private school children receive on loan an equitable share of the equipment and materials acquired, according to need.

Public School Aid Under ESEA IV-B

Mr. Natcher. Do all public schools participate in this program?

Dr. Boyer.. No. Some local educational agencies choose not to participate due to one of the following reasons: lack of personnel to complete necessary paperwork; small amount of funds not worth effort of applying; disinclination to accept Federal aid; or noncompliance with Civil Rights Act.

Administration of ESEA IV-B

Mr. Natcher. What kind of administrative control do you exercise in distributing funds to State and local educational agencies?

Dr. Boyer. Formulas for the distribution of funds under ESEA IV-B must be approved by the Commissioner of Education. Formulas prepared by State educational agencies are not approved if they do not meet the intent of the statute. The impact of these formulas is monitored by our staff and recommendations for improving them are made. An effort to persuade States to direct more funds for the benefit of children living in sparsely populated areas has been quite effective.

Mr. Natcher. How much of the $149.6 million is for administrative costs?

Dr. Boyer. It is estimated that $6 million would be used in 1980 for administration of the program.

Need for School Library Materials

Mr. Natcher. What data do you have available to show the need for school library materials?

Dr. Boyer. There continues to be a strong need for up-to-date, high-quality school library materials. Teachers and students face innumerable information needs and school library collections are generally inadequate to serve them. Of the 74,625 schools with library media centers, most have fewer than 7,000 library books per school. A collection of 8,000-12,000 volumes is considered adequate. Collections of audio-visual media are even less adequate. Collections must remain current and responsive to student needs. Materials should provide for subject, interest, and reference coverage and maturity levels in many subject areas to meet the requirements of the curriculum. Obviously, they should accommodate diverse learning styles of students and assist them in deriving the fullest benefit from classroom instruction.

Guidance, Counseling, and Testing

Mr. Natcher. The budget for Guidance, Counseling, and Testing is $18 million. How much of that amount is used by State educational agencies and how much is for local school districts?

Dr. Boyer. The statutory formula for determining the amount of money the SEAs may use to administer all parts of ESEA IV is 5 percent of the total allotments for all parts--minus any amount for strengthening SEA leadership resources--or $225,000, whichever is greater. Because there are some 28 States which will receive the minimum, it cannot be determined until SEAs submit their State plans how much will be used for Part D. States may also expend up to $1,295,625 for State leadership activities.

Mr. Natcher. Don't local school districts now provide guidance and counseling services? Why do we need to fund a separate program for this purpose?

Dr. Boyer. The Congress has acted in response to widespread concerns expressed in their hearings and set forth as findings in related legislation, P.L. 94-482, Section 341: "The Congress finds that (1) guidance and counseling activities are an essential component to assure success in achieving the goals of many education programs; (2) lack of coordination among guidance and counseling activities supported jointly or separately by Federal programs and by State and local programs has resulted in an underutilization of resources available for such activities; and (3) increased and improved preparation of education professionals is needed in guidance and counseling programs at State and local levels..." The Federal Government is the only agency that can coordinate efforts to address the problems that Congress has identified in these findings.

Mr. Natcher. Can Title I of the Elementary and Secondary Education Act be used for guidance and counseling services?

Dr. Boyer. Yes. Title I funds are primarily for the provision of instructional activities and may include services not available from other sources. This requirement restricts the number of guidance and counseling programs funded under Title I, since basic skills projects are the primary focus and purpose of Title I activities.

Mr. Natcher. Can the Emergency School Aid program be used for this purpose also?

Dr. Boyer. Yes. Funds may be used for guidance and counseling activities if the LEA has adopted a plan which will assist the process of eliminating, reducing, or preventing minority group isolation and aiding school children in overcoming the educational disadvantages of minority group isolation.

Other Programs Providing Guidance and Counseling

Mr. Natcher. Would you please tell us what other Federal programs are available for guidance and counseling services in local schools?

Dr. Boyer. The following programs in the Bureau of Elementary and Secondary Education are authorized to provide guidance, counseling, or testing components:

Educationally Deprived Children
Support and Innovation
Dropout Prevention
Nutrition and Health
Drug Abuse Education
Follow Through
School Libraries and Instructional Resources
School Assistance in Federally Affected Areas--Maintenance and Operations
Emergency School Aid
Packaging, Field Testing, and Dissemination
Special Assistance to Refugees from Cambodia and Vietnam in the U.S.

College Library Resources

Mr. Natcher. The budget proposes to eliminate funds for college libraries. What kind of problems will this cause for colleges and universities? Any?

Dr. Boyer. The 1980 budget position might affect the ability of small college libraries to acquire materials and subscribe to periodicals. However, the legislation as currently written limits our freedom to award grants based on needs.

Mr. Natcher. We can understand the limited impact of your budget on large State universities but what about the small private colleges?

Dr. Boyer. It is hard to assess the impact this may have on small private colleges. However, it is assumed that the grants awarded through the program were not large enough to meet all their needs.

Mr. Natcher. What data are available to show the percentage of a college's budget that is used for its library program?

Dr. Boyer. The college library budget represents about 3.7 percent of the total academic costs, according to 1976-77 data from the National Center for Educational Statistics.

Mr. Natcher. What is your estimate of the share of college library costs represented by the College Library Resources program?

Dr. Boyer. Estimated academic library expenditures totaled $370,556,000 in fiscal year 1977. The College Library Resources appropriation of $9,975,000 represents 3 percent of those college library expenditures.

Mr. Natcher. What other Federal programs are available to colleges for purchasing library materials?

Dr. Boyer. Research libraries are eligible for Strengthening Research Libraries program (HEA II-C) funds, and institutions may be eligible under the Strengthening Developing Institutions program (HEA III), which was funded at $120 million in 1979. Other Federal programs with funds available to college libraries include the Research Collection Development program of the National Endowment for the Humanities funded at $3 million for 1979, and the National Historical Publications and Records Commission funded at $4 million in 1979.

Library Career Training

Mr. Natcher. The budget again proposes to terminate the library career training program. Apparently you feel that the supply of librarians is sufficient overall. But isn't there a continuing problem concerning a shortage of minorities and disadvantaged in the library profession?

Dr. Boyer. The profession will always need a strong group of librarians whose skills can be used to reach disadvantaged clientele. We assume the need for minority librarians and those who rise from disadvantaged groups will continue. The 1980 Library Resources budget focuses our library support for innovative service programs on the public libraries which employ minority personnel in their various outreach projects with those funds.

Strengthening Research Libraries

Mr. Natcher. How many research libraries are there in this country?

Dr. Boyer. It is estimated that there are between 300 and 400 research libraries in the United States. These figures are basically tied to the number of academic institutions offering doctoral programs.

Mr. Natcher. How many research libraries will be assisted under the budget request of $6 million?

Dr. Boyer. The program will focus support on 20 research libraries in order to achieve the greatest impact.

Mr. Natcher. How many of these research libraries also received college library assistance under the Title II-A program?

Dr. Boyer. All research libraries are eligible for support from the HEA II-A program, unless they have a grant from the Strengthening Research Libraries program. An institution cannot receive funding from both programs in the same year.

Mr. Natcher. The research library program is one of the few items under this appropriation that is not proposed for cutback or termination. Why can't this program be cut by 20 or 25 percent?

Dr. Boyer. The program encourages the sharing of unique resources among libraries, thus providing the basis for an expanding network of user access. A cut of 20 to 25 percent would undermine the ability of these major research libraries to develop their collections by reducing the amount of funds available for expansion and maintenance of collections and by reducing their capacity to share those resources.

Guidance, Counseling, and Testing

Mr. Michel. Under Guidance, Counseling, and Testing, what types of activities will be funded?

Dr. Boyer. We will include elementary and secondary school counseling; inservice training for guidance and counseling personnel; supervision and leadership services at the local level; program planning and development; special guidance and counseling programs suited to meet the special needs for such programs by persons who are disadvantaged, the poor, the racially and culturally different, the neglected and the abused, the gifted, the physically handicapped, and the mentally retarded; those affected by the characteristics of special settings, the inner city, rural, and suburban areas; revision of guidance handbooks; professional growth and development of State and local personnel; and collection and dissemination of pertinent information.

Mr. Michel. What about the testing component? What kind of testing will be funded?

Dr. Boyer. Testing may include the use of tests to measure abilities, educational achievements, interests, or aptitudes pertaining to an individual's educational or career development.

Mr. Michel. How do you basically distinguish between this program and the Career Education program?

Dr. Boyer. The Guidance, Counseling, and Testing program is designed to provide assistance to students, parents, teachers, and administrators in identifying and dealing with situations which restrict or limit a student's educational developments and experiences throughout the entire education process. The primary thrust of a career education program is to provide information on the range of career opportunities available and to prepare individuals to make job choice decisions.

Mr. Michel. What is the basis for your estimate that 7,500 local projects will be funded?

Dr. Boyer. It is estimated that approximately 50 percent of the 15,834 local school systems would participate in the ESEA IV-D program.

Adequate Supply of Librarians

Mr. Michel. Do we now have a sufficient number of trained librarians to meet our needs?

Dr. Boyer. The profession still needs minority librarians. There have also been identified shortages of librarians who have skills with media technology or computers. Within the Office of Education budget, however, this program does not now have as high a priority as other training programs because of the general overall supply of librarians seeking employment according to a 1975 study of library manpower by the Bureau of Labor Statistics.

Strengthening Research Libraries

Mr. Michel. Under the Research Libraries program, what specific types of activities are the funds used for?

Dr. Boyer. The program has two objectives: to maintain and strengthen research collections and to make these collections available to users and other libraries. Basically, institutions use the funds for three types of activities in order to meet these objectives: bibliographic control and access activities, collection development, and preservation of materials.

General Revenue Sharing Funds for Public Libraries

Mr. Michel. How much of the General Revenue Sharing funds last year was spent on libraries?

Dr. Boyer. Libraries received $79.7 million from General Revenue Sharing funds in fiscal year 1977, the latest year for which figures are available. This is approximately one percent of all General Revenue Sharing funds spent in that year.

Total National Expenditures for Public Libraries

Mr. Michel. Do you have any figures as to what the total Federal, State, and local expenditures on public libraries are per year?

Dr. Boyer. In 1977, public libraries received nearly $140 million from all Federal sources and $1.3 billion from State and local funds. Almost 40 percent of the State and local support came as matching funds for the public library program.

Total National Expenditures for School Libraries

Mr. Michel. What about figures as to how much overall is being spent on school libraries?

Dr. Boyer. The estimated expenditures for public school libraries from State and local funds are $545.9 million. Approximately $30.7 million is spent by private schools and $306.8 million is derived from Federal sources. This amounts to $883.4 million for school libraries from all sources.

Access to Public Library Services

Mr. Roybal. You state that 96 percent of the population has access to library services. Yet I've heard from librarians and people in my community that the major problem libraries face is not reaching all segments of the population. How did you arrive at this figure?

Dr. Boyer. Each State develops its own standard of determining access to library services from which this percentage is derived. These standards are usually based on the relationship between such library characteristics as collection size, development and staff, and characteristics of the areas, such as population and per capita support. In addition to questions concerning access to services, the public library program must be responsive through the requirements of the law to improving the adequacy of library services.

Library Services for Bilingual Persons

Mr. Roybal. What special projects have been targeted on bilingual/bicultural populations that have not traditionally been served by public libraries? For example, do you have any systematic studies of what programs effectively reach these populations, rather than simple anecdotes on the success of a particular bookmobile project?

Dr. Boyer. In 1978 a grant of $100,696 was made to the Oakland Public Library for Project California Ethnic Services to address the problem areas in establishing services and collections for ethnic populations. The project is evaluating sources and developing strategies for purchase of ethnic and non-English language materials; identifying and disseminating information about services, collections and programs; developing methods to implement recommendations to meet the library needs of ethnic populations; and developing a prototype catalog of the Spanish holdings of major library centers.

We have not had any systematic study of how the bilingual projects funded under LSCA have effectively reached these populations. There is a current study of LSCA Title I by Applied Management Sciences underway which will provide program evaluation data for us by about October 1980.

Budget for Public Libraries Below 1979 Level

Mr. Roybal. In a time of fiscal constraint at the State and local levels for libraries, could you elaborate on what you mean when you state that libraries will be expected to use their funds more "wisely"?

Dr. Boyer. Each State should emphasize the basic purpose of improving public library services when developing its State program. Improving management procedures and targeting funds to priority areas such as strengthening State library administrative agencies, urban resource centers and services to specialized groups are two methods of increasing the efficiency of the program and using the funds more wisely.

Mr. Roybal. By cutting back public libraries by $5.6 million you effectively delete the additional funding that would have gone to urban libraries by the "trigger" provision you cite in the justification. Aren't urban libraries in worse shape than other libraries, for example suburban libraries?

Dr. Boyer. Again, comprehensive, hard data are not available. The budget in general reflects anti-inflation initiatives which will result in reductions of Federal assistance for public library services in urban, suburban, and rural areas. Census Bureau reports show that central city populations declined nationwide by 5 percent between 1970 and 1977, while suburban populations increased by 12 percent. It should be noted that 28 percent of Title I funds already go to urban libraries.

Library Services for Special Populations

Mr. Roybal. Could you for the record list the amounts of funding that will be going to the disadvantaged, the aged and migrants from public library funds?

Dr. Boyer. Allocations for public library services to these groups are determined by each State, based on the assessed needs of its total population. For fiscal year 1980, it is projected that the disadvantaged will receive $12,500,000; the aged, $2,500,000; and migrants, $1,000,000.

College Library Resources

Mr. Roybal. For FY 1980 you propose elimination of college library resources program. Much the same arguments are used this year as were used in last year's justification. Specifically that this program only provides something like $5,000 to every college library throughout the country. Could you tell the Subcommittee how inflation has affected the prices of books, journals and films during 1978?

Dr. Boyer. The 1978 average prices were $20.10 for hardcover books, $27.58 for periodicals and $185 for 16mm color films. Hardcover book prices increased at an average yearly rate of 11.6 percent and periodicals at a rate of 17.5 percent.

Mr. Roybal. For small libraries, such as in community colleges and small private colleges, isn't the $5,000 serving as a significant source of funds for their book and periodical acquisitions?

Dr. Boyer. Small colleges will feel the impact to some extent, though the basic grant of $3,906 in 1978 was not large enough to meet all the acquisition needs of small libraries.

Library Career Training

Mr. Roybal. You state that librarians are not in short supply in the market. Does this apply to minority librarians as well?

Dr. Boyer. There is a demand for minority librarians and other professionals who can effectively relate to the disadvantaged.

Strengthening Research Libraries

Mr. Roybal. Under your college library program I have had some severe reservations in the direction it is heading. You have consistently targeted Federal support in strengthening research libraries while not supporting the smaller college libraries. Have you done any evaluation on how well the interlibrary program is working to benefit smaller college libraries?

Dr. Boyer. The Strengthening Research Libraries program was first implemented in fiscal year 1978, and the first slate of grants are in operation through September 1979. No evaluation is possible until these projects have ended and program results can be properly assessed. However, no grant was issued under the program unless there was strong assurance and potential for benefiting smaller institutions through networking.

Mr. Roybal. Have any evaluations focused on the problems encountered by smaller libraries in accessing periodicals and books from the larger institutions?

Dr. Boyer. There has been no evaluation yet. However, no grant was issued under this program unless there existed a strong record of loans to other institutions. The program encourages providing resources to smaller colleges on an interlibrary loan basis utilizing new technologies related to the transfer of information.

Public Library Services

Mr. Conte. What progress is being made in improving library service for the handicapped? What are the costs of making changes for these people to have access to libraries?

Dr. Boyer. Improving library services for the handicapped is one of the priority areas of the Public Library Services program. We reach approximately 500,000 blind and physically handicapped people each year through such services as providing braille materials and audio-visual equipment. Over 14 million such items were circulated by libraries in 1977. However, 8,147 library buildings remain inaccessible to the handicapped. It is estimated that it would cost $275.6 million to make the necessary structural changes.

Mr. Conte. Are all libraries that receive Federal funds required to keep a number of braille books in their library? If not, why not?

Dr. Boyer. No. Requiring books in braille would put a special burden on small libraries since these materials require special handling to preserve them and require a great deal of storage space. In addition, only about 20,000 of the 500,000 blind readers in the country read braille. Many blind people prefer recorded materials or talking books. These materials and braille books can be obtained by users through interlibrary cooperation activities.

Interlibrary Cooperative Services

Mr. Conte. You state that roughly 7 percent of the Nation's libraries participate in Interlibrary Cooperative Services. How many years has this program been in existence? Do you consider a 7 percent participation rate a success? Why or why not?

Dr. Boyer. The Interlibrary Cooperative Services program has been in operation since fiscal year 1967. It has been successful in encouraging libraries to broaden the use of their resources through local, State and regional networks that involve several types of libraries. In 1980 we expect over 7,000 libraries to participate in the 130 cooperative projects. Since this reaches all types of libraries--academic, school, special, and public--in the Nation, the participation rate seems to be good in relation to the funding level.

School Libraries and Instructional Resources

Mr. Conte. You are decreasing funds for the School Libraries and Instructional Resources program at the same time that the cost of books, not to mention audio-visual equipment, is reportedly spiraling. Won't this have a very serious impact on the purchasing power of libraries in various States?

Dr. Boyer. The 1980 per-pupil expenditure will be $3.28, a decrease of only 28 cents. The reduction in funds will cause State and local educational agencies to reorder their priorities and target funds to areas with large numbers of poor or high-cost students.

Guidance, Counseling, and Testing

Mr. Conte. Of the 3.5 million students who will be tested this year for reading ability, how many do you estimate will have some kind of reading disability which will require guidance or counseling services?

Dr. Boyer. NIE reports that about a million teenagers between the ages of 12 and 17 cannot read at the beginning fourth grade level. According to census reports there are 53.3 million persons in the United States who are 16 years of age or older, not enrolled in school, and without a high school diploma. Furthermore, in 1973, 800,000 youngsters left high school before receiving a diploma. On the basis of these statistics it is estimated that over half of the 3.5 million students tested will have some kind of reading disability which will require guidance or counseling services.

College Library Resources

Mr. Conte. You state that you are ending the College Library Resources program, because monies were distributed regardless of need. Might you not change the formula for distribution of money, legislatively if need be, and find those colleges that can use Federal help, so that they might be aided in their attempt to keep up good library services?

Dr. Boyer. As the Commissioner indicated, we will be submitting our higher education recommendations regarding reauthorization to the Congress very soon. We will undoubtedly recommend that the College Library Resources program grants be based on need.

[The justification submitted by the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Library Resources

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Appropriation Estimate

Library Resources

For carrying out, to the extent not otherwise provided, titles I and III of the Library Services and Construction Act (20 U.S.C., ch. 16); title II, *part C,*[1] of the Higher Education Act; and title IV, parts B *and D*[2] of the Elementary and Secondary Education Act, [$266,475,000] *$233,837,000: Provided,* That [$180,000,000] *$149,600,000* for title IV, part B *and $18,000,000 for title IV, part D*[2] of the Elementary and Secondary Education Act shall become available for obligation on July 1, [1979] *1980,* and shall remain available until September 30, [1980] *1981.*

Explanation of Language Changes

1/ Reference to Part C of Title II of the Higher Education Act is added to delimit the use of Title II; funding for three other programs authorized under Title II is not requested.

2/ Supplemental language for 1979 is proposed to transfer $18,000,000 out of Title IV, Part B, of the Elementary and Secondary Education Act to fund the Guidance, Counseling, and Testing program under Title IV, Part D, newly authorized by the Education Amendments of 1978.

Language provision	Explanation
....[$180,000,000] *$149,600,000* for title IV, part B....of the Elementary and Secondary Education Act....	Section 402(a)(2) of the Elementary and Secondary Education Act states that "No funds are authorized to be appropriated under this subsection...unless the aggregate amount...is at least equal to the aggregate amount appropriated... during the preceding fiscal year..." The comparable amount for ESEA IV-B in 1979 is $162,000,000 after the proposed transfer out of $18,000,000 for ESEA IV-D. Although the ESEA IV-B request is $12,400,000 less than the 1979 comparable amount, adoption of the proposed language would give local educational agencies more discretion in use of funds and private school children would receive greater benefits under the consolidated Title IV-B program.

Amounts Available for Obligation

	1979	1980
Appropriation..............................	$266,475,000	$233,837,000
Unobligated balance, start of year..........	22,434,968	78,365
Unobligated balance, end of year............	-78,365	-78,365
Total obligations......................	288,831,603	233,837,000

Summary of Changes

1979 Estimated budget authority....................................	$266,475,000
1980 Estimated budget authority....................................	233,837,000
Net change..	- 32,638,000

	1979 Base	Change from Base
Decreases:		
Program:		
1. Public library services--general cost-cutting reduction which also results in elimination of urban library triggering provision............	$62,500,000	-$ 5,600,000
2. Interlibrary cooperative services--reduction of 45 networking projects........................	5,000,000	- 1,663,000
3. School libraries and instructional resources--average per pupil expenditure reduced by $0.28................................	162,000,000	- 12,400,000
4. College library resources--terminate program.......................	9,975,000	- 9,975,000
5. Library career training--terminate program.......................	2,000,000	- 2,000,000
6. Library demonstrations--terminate program.......................	1,000,000	- 1,000,000
Total decreases....................		- 32,638,000
Net change......................		- 32,638,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Public libraries:			
a. Services	$ 62,500,000	$ 56,900,000	-$ 5,600,000
b. Interlibrary cooperative services	5,000,000	3,337,000	- 1,663,000
Subtotal	67,500,000	60,237,000	- 7,263,000
2. School libraries and instructional resources	162,000,000[1]	149,600,000	- 12,400,000
3. Guidance, counseling, and testing	18,000,000[1]	18,000,000	---
4. College library resources	9,975,000	---	- 9,975,000
5. Training and demonstrations:			
a. Library career training	2,000,000	---	- 2,000,000
b. Library demonstrations	1,000,000	---	- 1,000,000
Subtotal	3,000,000	---	- 3,000,000
6. Strengthening research libraries	6,000,000	6,000,000	---
Total budget authority	266,475,000	233,837,000	- 32,638,000

[1] Supplemental language for 1979 is proposed to transfer $18 million out of School Libraries and Instructional Resources (ESEA IV-B) to fund Guidance, Counseling, and Testing under ESEA IV-D, newly authorized by the Education Amendments of 1978.

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Other services	$ 1,335,000	$ 1,244,000	-$ 91,000
Grants, subsidies, and contributions	265,140,000	232,593,000	- 32,547,000
Total budget authority by object	266,475,000	233,837,000	- 32,638,000

Significant Items in House and Senate Appropriations Committees Reports

Item	Action taken or to be taken
1979 Senate Report	
College library resources	
1. The Committee expressed its hopes that the authorizing committees will seriously consider changing the operations of this program so that funds are awarded to institutions with the greatest need for assistance.	1. Reauthorization is required in 1980. The Office of Education is now considering possible alternatives for this program.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Library Resources:				
1. Public libraries (Library Services and Construction Act):				
a. Services (Title I)	$140,000,000	$62,500,000	$150,000,000	$56,900,000
b. Interlibrary cooperative services (Title III)	20,000,000	5,000,000	20,000,000	3,337,000
2. School libraries and instructional resources (Elementary and Secondary Education Act, Title IV, Part B)	Indefinite	162,000,000[1]	Indefinite	149,600,000
3. Guidance, counseling, and testing (Elementary and Secondary Education Act, Title IV, Part D)	50,000,000	18,000,000[1]	50,000,000	18,000,000
4. College library resources (Higher Education Act, Title II, Part A)	120,000,000	9,975,000	120,000,000[2]	---
5. Training and demonstrations (Higher Education Act, Title II, Part B)		3,000,000		---
6. Strengthening research libraries (Higher Education Act, Title II, Part C)	20,000,000	6,000,000	20,000,000[2]	6,000,000
Unfunded authorizations:				
Library Services and Construction Act:				
Title II--Public library construction	Indefinite	---	Indefinite	---
Title IV--Older readers services	Indefinite	---	Indefinite	---
Higher Education Act:				
Title VI, Part A--College instructional equipment	70,000,000	---	70,000,000[2]	---
Total budget authority		266,475,000		233,837,000
Total budget authority against definite authorizations	420,000,000	104,475,000	430,000,000	84,237,000

[1] Supplemental language for 1979 is proposed to transfer $18 million out of School Libraries and Instructional Resources (ESEA IV-B) to fund Guidance, Counseling, and Testing under ESEA IV-D, newly authorized by the Education Amendments of 1978.

[2] Authorization based on automatic one-year extension by the General Education Provisions Act.

Library Resources

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	41,880,000	214,305,000	245,555,000	153,382,250
1971	131,430,000	161,680,000	254,765,000	200,772,000
1972	107,250,000	167,709,000	296,709,000	226,209,000
1973	140,587,000	202,357,000	292,357,000	265,157,000
1974	---	201,209,000	219,209,000	191,624,000
1975[1/]	274,330,000	311,304,000	360,937,000	326,554,000
1976	147,330,000	209,054,000	227,368,918	218,368,918
Transition Quarter	12,937,000	12,937,000	12,937,000	12,937,000
1977	218,029,000	223,721,324	253,721,324	238,209,324
1978	233,542,000	246,812,000	267,812,000	253,312,000
1979	232,837,000	257,975,000	274,975,000	266,475,000
1980	233,837,000			

[1/] Includes advanced funded amounts for obligation in 1976: $137,330,000 for Budget Estimate, House Allowance, Senate Allowance, and Appropriation.

Justification

Library Resources

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Public libraries:			
a. Services	$ 62,500,000	$ 56,900,000	-$5,600,000
b. Interlibrary cooperative services	5,000,000	3,337,000	-1,663,000
Subtotal	67,500,000	60,237,000	-7,263,000
2. School libraries and instructional resources	162,000,000[1]	149,600,000	-12,400,000
3. Guidance, counseling, and testing	18,000,000[1]	18,000,000	---
4. College library resources	9,975,000	---	-9,975,000
5. Training and demonstrations:			
a. Library career training	2,000,000	---	-2,000,000
b. Library demonstrations	1,000,000	---	-1,000,000
Subtotal	3,000,000	---	-3,000,000
6. Strengthening research libraries	6,000,000	6,000,000	---
Total budget authority	266,475,000	233,837,000	-32,638,000

[1] Supplemental language for 1979 is proposed to transfer $18,000,000 out of School Libraries and Instructional Resources (ESEA IV-B) to fund Guidance, Counseling, and Testing under ESEA IV-D, newly authorized by the Education Amendments of 1978.

General Statement

Assistance and support for the libraries of the Nation have been part of the mission of the Office of Education since 1938. At first, the Federal role was one of technical assistance and information on the "state of libraries." Financial support began in 1957 with the passage of the Library Services and Construction Act, and in that year the funding level was approximately $2 million for the one program. At that time approximately 56 percent of the population had access to public library services, compared with 96 percent today. Since that time additional programs have been added for the support of not only public libraries but also school libraries, academic libraries, research libraries, and special libraries. Federal funding over the last 23 years has risen from $2,000,000 to $60,000,000 for public libraries and to over $233,000,000 for all Library Resources programs. In addition, General Revenue Sharing funds totaling over $370,000,000 have been used for public libraries in the 5¼-year period from January 1972 through June 1977.

The 1980 budget request of $233,837,000 for Library Resources is $32,638,000 less than the 1979 appropriation, but this level is considered to be adequate to keep the Nation's libraries moving forward in this era of great technological changes.

In 1980 Federal aid to libraries will be concentrated on the provision of specialized services and extension to unserved and underserved population groups under the public library programs; on innovative activities under the School Libraries and Instructional Resources program; on expanded guidance and counseling services, as well as testing programs, in elementary and secondary schools; and on the strengthening and improving of major research library resources in an effort to create a truly national network for resource sharing among research libraries.

Support for the College Library Resources and the Training and Demonstrations programs is not recommended. The College Library Resources program provides grants of under $5,000 without regard to need, which is not a cost-effective use of Federal funds. The requirement for librarian training is greatly reduced now that the overall supply is adequate to fill most vacancies. Finally, funding is not being requested for library demonstration projects since other Federal agencies can fund similar types of projects and previously funded projects can and should be used for replication to upgrade or update service delivery and librarian training programs.

1. Public Libraries: a. Services
(Library Services and Construction Act, Title I)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
8	$62,500,000	$150,000,000	11	$56,900,000	-$5,600,000

Purpose and method of operations

To promote the extension and improvement of public library services in areas without such services or with inadequate services, to improve State library service for the physically handicapped, institutionalized and disadvantaged persons, to strengthen State library administrative agencies, to strengthen metropolitan libraries which serve as regional and national resource centers, and to provide special assistance to major urban resource libraries, grants to States are made on a formula based on total resident population, but with a $200,000 minimum for the 50 States, D.C., and Puerto Rico, and a $40,000 minimum for the other outlying areas. The Federal share ranges from 33 percent to 66 percent (except the Trust Territory which is 100 percent federally funded), and States must provide matching funds in proportion to their per capita income.

The legislation provides additional funds for major urban resource libraries through an appropriation "trigger" provision. When the appropriation for this program exceeds $60,000,000, cities with over 100,000 population share 50 percent of the excess over $60,000,000 with the remainder to be used at the discretion of the States within the program purposes.

1980 budget policy

To encourage and strengthen States in the establishment, expansion, and improvement of public libraries to fulfill the continuing informational and educational needs of all persons, $56,900,000 is requested for fiscal year 1980. Although this amount represents a decrease of $5,600,000 from the previous year, recipients are expected to use Federal, State, and local funds more wisely, eliminating those practices and procedures which have proven ineffective or inefficient in the past. These funds are supplemented by about $90,000,000 per year from General Revenue Sharing funds. Additionally, about 96 percent of the population now has access to public library services, compared with 56 percent in 1957.

In fiscal years 1979 and 1980, about 500,000 blind and physically handicapped persons will use special equipment or large-print books with the help of specially trained public library personnel. Also, about 750,000 prisoners, patients, and other institutionalized persons will receive special library services, as will over 7,500,000 older readers.

In 1979, for the first time an amount of $1,250,000 is specifically earmarked for major urban resource libraries. These funds are to be awarded by the States for urban library projects. No funds will be provided for the urban library provision in 1980, but major urban libraries under normal program operations still receive between 20 and 30 percent of the program funds. The larger part of the $62,500,000 appropriation for 1979 will be used for service projects affecting the disadvantaged, blind and physically handicapped, State institutionalized, aged, and migrants.

1. Public Libraries: b. Interlibrary Cooperative Services
(Library Services and Construction Act, Title III)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
3	$5,000,000	$20,000,000	4	$3,337,000	-$1,663,000

Purpose and method of operations

To establish cooperative library programs involving public libraries with other types of libraries, e.g., school libraries, college and university libraries, and/or specialized information centers, this program provides support for local, State, interstate and/or regional networks of libraries for the purpose of providing library and information services.

Grants are made to States according to a formula based on total resident population, but with a minimum of $40,000 for the 50 States, D.C., and Puerto Rico, and a $10,000 minimum for the other outlying areas. No State matching is required.

1980 budget policy

To improve the efficiency and effectiveness of library service delivery, the 1980 request for Interlibrary Cooperative Services of $3,337,000 will support approximately 130 projects, a decrease of 45 projects below the 1979 level. These projects emphasize the cost-sharing benefits of networking through better utilization of the resources of participating libraries. Approximately seven percent of the Nation's libraries will participate in these cooperative projects. Although the 1980 funding level is below the 1979 level, States may choose to fund additional interlibrary cooperation projects through other Federal programs, such as the much larger Public Library Services program, which encourages such projects as part of the general goal of improving public library services.

The fiscal year 1979 appropriation of $5,000,000 will be used to support approximately 175 cooperative networks involving about 15 percent of the Nation's libraries, including public, school, academic, and special libraries. Model projects include such cooperative efforts as telecommunication networks to provide information and bibliographic services and interlibrary loan capability; centralized acquisition and processing centers for materials; planning activities to develop comprehensive statewide library networks; and the training for the administration of interlibrary network activities.

2. School Libraries and Instructional Resources (Elementary and Secondary Education Act, Title IV, Part B)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
10	$162,000,000[1]	Indefinite	10	$149,600,000	-$12,400,000

[1] For comparability, an $18,000,000 proposed transfer for Guidance, Counseling, and Testing (ESEA IV-D) has been subtracted from the 1979 appropriation of $180,000,000.

Purpose and method of operations

To provide services to local educational agencies, the School Libraries and Instructional Resources program provides grants to States for the purchase of instructional materials and equipment. This activity consolidates into a single authorization the School Library Resources (ESEA II) and Equipment and Minor Remodeling (NDEA III) programs. The Education Amendments of 1978 removed from this ESEA IV-B consolidation the minor remodeling provision of NDEA III and the Guidance, Counseling and Testing program, part of the old ESEA III. Guidance, Counseling, and Testing has been reauthorized as ESEA IV-D and follows as a separate activity in this account. The Act requires that advance funding be in effect for any year in which consolidation applies.

Funds are distributed to the States on the basis of the proportionate number of children in each State who are ages five through seventeen, compared to the total of such children in all States, after approximately one percent is withdrawn for allocation to the outlying areas and the Department of Interior (Bureau of Indian Affairs). The States in turn distribute funds to local education agencies according to enrollment in public and private schools, and in relation to local tax effort for education and numbers of children whose education imposes a higher than average cost. Of the allotted amount, States may use five percent or $225,000, whichever is greater, for administration. Local education agencies have complete discretion in determining how funds will be divided among this activity's component programs. Title IV requires equitable participation of children and teachers in private nonprofit elementary and secondary schools.

1980 budget policy

To promote the expansion in the use of school library resources and instructional equipment, $149,600,000 is requested for 1980. The program will serve about 45.5 million elementary and secondary school students, of whom close to 10 percent, or 4.3 million students, are in private schools. The reduction in funds of $12,400,000 will result in a decreased average per pupil expenditure under this program, allowing for $3.28 per pupil in 1980 compared with $3.56 in 1979, a decrease in 1980 of $0.28. In order not to diminish the effectiveness of the program, States should adhere more closely to the concept of giving special consideration to local education agencies which are poor or have large numbers of students whose education is more costly. This reduction reflects a reordering of priorities in light of overall budget constraints and because the program does not target funds well on those most in need.

The emphasis in 1980 (school year 1980-81) will be on the following:

1. Aid to private school children;

2. Equalizing educational opportunity by providing additional funds for poor school districts;

3. Expanded aid for disadvantaged students living in sparsely populated areas, students from families in which English is not the dominant language, students from families which are migratory workers, and students who are gifted and talented; and

4. Introduction of new instructional equipment, e.g., video tape recorders, mini-computers, desk calculators, etc.

For fiscal year 1979, a request for a reappropriation is proposed so that funds for Guidance, Counseling, and Testing can be made available under the authority of the new ESEA IV-D, which was created by the Education Amendments of 1978 and at the same time transferred out of the School Libraries and Instructional Resources (ESEA IV-B) authority. This proposal will make funding for Guidance, Counseling, and Testing consistent with the 1980 request which proposes funding as a separate activity under the new ESEA IV-D authority.

The remaining funds, not proposed for reappropriation and transfer, $162,000,000, will be awarded to local education agencies by State education agencies, which may retain up to 5 percent for administration. Use of these funds would be restricted to the purposes of Title IV-B, as revised by the Education Amendments of 1978. That is, approvable expenditures would be for school library resources, textbooks, other printed and published instructional materials, and the acquisition of instructional equipment and materials.

3. Guidance, Counseling, and Testing
(Elementary and Secondary Education Act, Title IV, Part D)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
5	$18,000,000	$50,000,000	5	$18,000,000	---

Purpose and method of operations

To identify each child's abilities and to encourage and assist each child in developing those abilities to the fullest, Title IV-D of the Elementary and Secondary Education Act authorizes grants to States for strengthening and expanding guidance, counseling, and testing programs in elementary and secondary schools. Emphasis is placed upon strengthening programs at both the State and local levels.

This is an advanced funded program. The amount requested for fiscal year 1980 will become available for obligation on July 1, 1980, for use during the 1980-81 school year.

The allocation to each State is based upon the number of children aged five to seventeen, inclusive, and the allocation to each of the outlying areas is based upon need.

Any State meeting the eligibility requirements set forth in the law and wishing to participate must submit to the Commissioner of Education a State plan which assures that: 1) an administrative unit at the State level will be designated; 2) funds will be expended solely for the programs and purposes of the legislation; 3) provisions will be made for the participation of children in private schools; 4) provisions will be made to provide technical assistance to local educational agencies; 5) provisions will be made for local education agencies to submit applications to the State; 6) State and local funding will be maintained; 7) administrative funds will be separately identified; and 8) local education agencies have complete discretion in determining how funds will be divided among this activity's purposes.

Of the total funds that a State receives, no more than five percent may be used for State administrative costs and no more than 7.5 percent may be used for State leadership and supervisory services in the field of guidance, counseling, and testing.

The legislation authorizes the Office of Education to reserve not more than five percent of the appropriated funds for use at the Federal level.

1980 budget policy

The budget request of $18,000,000 for fiscal year 1980 (school year 1980-81) will assist the States in providing guidance and counseling to 3.1 million public and 80,000 private school children and testing programs to 3.5 million public and 200,000 private school children who would not receive such services otherwise. Priority in the use of Federal funds is placed in the following areas: 1) extensio of guidance, counseling, and testing programs to children not served; 2) implementation of State-level leadership and supervision in guidance, counseling, and testing i all States; and 3) providing information regarding guidance and counseling as a profession, guidance and counseling activities of the Federal government, and activities of State and local programs of guidance and counseling.

For fiscal year 1980, at least 87.5 percent of the $17,275,000 which is to be made available to the States will "flow through" the State education agencies to the local education agencies to be used at the complete discretion of the local education agencies to strengthen and expand guidance, counseling, and testing programs. No more than 7.5 percent of the State's allocation may be used for State leadership and supervisory services and no more than five percent for State administrative costs. The remaining $725,000 will be used by the Office of Education to fund demonstration and/or model projects for the inservice training of counselors to better serve special populations.

For fiscal year 1979, a proposal has been set forth in the supplemental justification to reappropriate $18,000,000 to fund the Guidance, Counseling, and Testing program under the newly authorized ESEA IV-D, which was created by the Education Amendments of 1978; the Amendments at the same time removed this program from the ESEA IV-B consolidation. These funds would be used for the same purposes as set forth above in the 1980 budget policy statement, with $17,275,000 for grants to States and $725,000 for discretionary projects administered by the Office of Education.

4. College Library Resources
(Higher Education Act, Title II, Part A)

1979		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
5	$9,975,000	$120,000,000[1]	1	---	- $9,975,000

[1] Authorization based on GEPA extension; amount is for Parts A and B of HEA II.

Purpose and method of operations

To provide support to institutions of higher education for the acquisition of library materials (including law library resources), such as books, periodicals, documents, magnetic tapes, phonograph records, audio-visual materials and other related materials (including necessary binding), grants are awarded to eligible institutions of higher education and other public and private nonprofit library institutions whose primary function is to serve institutions of higher education. Virtually all institutions of higher education are eligible to receive the basic grant of up to $5,000 provided maintenance of effort requirements are met.

There is a statutory distribution of funds among the College Library Resources, Library Career Training and Library Demonstrations programs. Of the amount appropriated, 70 percent is to be used for College Library Resources and 30 percent for Training and Demonstrations. The program is forward funded.

1980 budget policy

The 1980 budget proposes that the College Library Resources program be terminated. Under this program, grants of less than $5,000 are awarded to nearly every higher education institution in the country without regard for need.

With the fiscal year 1979 appropriation of $9,975,000, about 2,550 institutions of higher education will receive basic grants of about $3,900 each. Approximately 75 percent of the funds are used for the acquisition of printed materials and 25 percent for the acquisition of non-print materials, such as films, filmstrips, recordings, tapes, microfiche, microcards, etc.

5. Training and Demonstrations: a. Library Career Training
(Higher Education Act, Title II, Part B)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$2,000,000	$120,000,000[1]	3	---	-$2,000,000

[1] Authorization based on GEPA extension; amount is for Parts A and B of HEA II.

Purpose and method of operations

To support the training of paraprofessionals and professionals in library and information science for service to all types of libraries, grants for fellowships, traineeships, and training institutes for library personnel may be awarded to institutions of higher education and other library organizations or agencies.

This is a discretionary, forward-funded program, with grants going to the institutions which have been selected by a panel of outside experts plus Office of Education staff.

There is a statutory distribution of funds among the College Library Resources, Library Career Training and Library Demonstrations programs. Further, of the amount appropriated for Training and Demonstrations, two-thirds of the funds must be used for training. In addition, not less than 50 percent of the funds for such training is to be used to support fellowships and traineeships.

1980 budget policy

The 1980 budget requests no funds for the Library Career Training program due to budgetary constraints. This program does not now have as high a priority as other training programs because the overall supply of librarians seeking employment is sufficient to meet the need, according to projections reported in a 1975 study of library manp[illegible] by the Bureau of Labor Statistics.

This program has made a major contribution toward the training of librarians. From the beginning of the program in 1966 through 1979, Federal funds have been used to support about 3,800 fellowships and traineeships and 15,500 participants in long-term and short-term training institutes. It also has placed particular stress on upgrading women and minorities in the library profession.

To stimulate training and retraining for the library profession, the fiscal year 1979 appropriation of $2,000,000 is providing support for about 145 undergraduate and graduate-level fellowships and traineeships, of which 70 percent represent the disadvantaged, including women and minorities. These funds are supporting also about 750 participants in institutes for skills retraining at an average cost of $1,200 per person.

5. Training and Demonstrations: b. Library Demonstrations
(Higher Education Act, Title II, Part B)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$1,000,000	$120,000,000[1/]	3	---	- $1,000,000

[1/] Authorization based on GEPA extension; amount is for Parts A and B of HEA II.

Purpose and method of operations

To provide improved information services to special target groups and to improve administration of all types of libraries, discretionary grants and contracts are made to public or private organizations and agencies for demonstration projects.

Awards are made to recipients selected by a panel of outside evaluators. This program is forward funded, and both new awards and competing continuations are funded.

Program priorities are determined on the basis of the legislation, regulations, and published criteria. These priorities include: support of studies and demonstrations of improved library service, particularly to groups and persons with special information needs; institutional cooperation; improvement in library methods and procedures; and improvement of library career education.

There is a statutory distribution of funds among the College Library Resources, Library Career Training and Library Demonstrations programs. Further, of the amount appropriated for Training and Demonstrations, one-third of the funds must be used for demonstration projects.

1980 budget policy

No funds are requested in 1980 for Library Demonstrations due to budgetary constraints. Other Federal agencies, such as the National Institute of Education, National Endowment for the Humanities, Fund for the Improvement of Postsecondary Education, and the National Commission on Libraries and Information Science, also fund similar library research and demonstration projects.

Over 300 projects have been funded since this program began in 1967. These projects can and should be used for replication to upgrade or update service delivery and library training programs. Dissemination of the project reports is accomplished primarily through the Educational Resources Information Center (ERIC), along with an announcement in Resources in Education, which is available from the Superintendent of Documents, U.S. Government Printing Office. Abstracts of each year's projects and a compilation, Directory of Library Research and Demonstration Projects, 1966-1975, are also available from the U.S. Office of Libraries and Learning Resources.

With $1,000,000 appropriated in fiscal year 1979, about 18 demonstration projects are being funded. Projects will be supported in such areas as curriculum reform in library training, improvement of administration of all types of libraries, and improvement of information services to special target groups.

6. Strengthening Research Libraries
(Higher Education Act, Title II, Part C)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$6,000,000	$20,000,000 1/	3	$6,000,000	---

1/ Authorization based on GEPA extension.

Purpose and method of operations

To strengthen major research library collections both private and public, which represent the bibliographic foundation of the Nation's research effort, and to make these collections available by creating a truly national network of research libraries, grants are made to libraries which serve students, faculty, scholars, and researchers with the combined resources of over 200 million volumes. These libraries are prepared to share these resources through a growing system of interlibrary lending.

This is a discretionary, forward-funded program. The law specifies that no more than 150 research library institutions may receive a grant under this program in any given year. A reasonable effort must be made to achieve regional balance. A recipient of a grant under this program may not also receive a grant under the College Library Resources program (HEA, Title II, Part A) in the same fiscal year.

1980 budget policy

To provide scholars and researchers greater access to unique national collections, the 1980 request will support about 20 grants averaging $300,000 each to strengthen major research library resources. These grants will add about 300,000 volumes to research collections and will support close to 18,000 interlibrary loan transactions.

With the rapid increase in the worldwide production of recorded knowledge, the role of research libraries becomes increasingly important as a depository of our Nation's history, culture, etc., to advanced and professional education and research. But, with the demands made on these research libraries comes the need for greater sharing of resources through networking. It is primarily through this program that research libraries are enabled to expand the availability of these resources and continue building toward a national network of resource sharing.

Large research libraries have evolved separately and independently, but there is now an encouraging trend toward greater interdependence among them and a growing system of interlibrary lending. It is estimated that 1,700,000 loan transactions were made by major university libraries in 1977-78 at a cost of $15,300,000. Under existing arrangements the larger libraries, which lend more than they borrow, bear a disproportionate burden of the costs estimated at between $8 and $10 per loan transaction. Since 1967 the average cost of a book has increased 105 percent to $18.03 in 1977 and the average cost of a domestic magazine subscription has increased 218 percent since 1967 to $27.58 in 1978.

In fiscal year 1979, the second year of existence for this program, the $6,000,000 appropriation is supporting about 20 grants averaging $300,000 each to promote a national network of research libraries, emphasizing the formalization of resource sharing. Although grants are awarded only to major research libraries, all libraries indirectly benefit by being able to tap into these expanded collections through interlibrary lending, a major purpose of this program.

The following are examples of projects funded in 1978: 1) A grant to the University of California at Berkeley, but for joint administration with UCLA and Stanford, was made to enable the three libraries to convert serial titles to machine-readable form and to make possible resource sharing activities; and 2) a grant to the Boston Public Library was for the purpose of making bibliographies of more than three million books and other materials accessible on an international basis.

Library Resources

Public Library Services

State or Outlying Area	1978 Appropriation 1/	1979 Estimate 2/	1980 Estimate 2/
TOTAL	$56,900,000	$62,500,000	$56,900,000
Alabama	973,193	1,068,808	975,064
Alaska	278,068	297,036	286,566
Arizona	673,116	734,889	677,174
Arkansas	651,299	703,495	649,168
California	4,733,954	5,318,664	4,766,361
Colorado	743,484	812,423	746,342
Connecticut	863,046	937,761	858,157
Delaware	323,840	338,419	323,484
Florida	1,970,334	2,186,628	1,972,271
Georgia	1,254,672	1,385,365	1,257,464
Hawaii	385,653	410,245	387,560
Idaho	373,889	398,116	376,739
Illinois	2,594,881	2,862,076	2,574,839
Indiana	1,336,376	1,463,612	1,327,269
Iowa	811,928	883,535	809,782
Kansas	687,660	746,780	687,783
Kentucky	924,432	1,017,198	929,022
Louisiana	1,014,050	1,121,607	1,022,166
Maine	426,291	454,720	427,236
Maryland	1,081,638	1,181,065	1,075,209
Massachusetts	1,443,533	1,577,297	1,428,687
Michigan	2,148,715	2,367,382	2,133,522
Minnesota	1,038,647	1,140,396	1,038,927
Mississippi	700,707	762,477	701,786
Missouri	1,219,594	1,338,512	1,215,666
Montana	359,559	379,565	360,190
Nebraska	530,240	569,118	529,291
Nevada	326,193	345,792	330,061
New Hampshire	373,675	396,689	375,466
New Jersey	1,768,426	1,945,464	1,757,129
New Mexico	444,686	478,741	448,665
New York	4,066,203	4,493,618	4,030,337
North Carolina	1,363,754	1,499,049	1,358,882
North Dakota	336,245	353,403	336,851
Ohio	2,496,066	2,742,446	2,468,116
Oklahoma	780,700	858,800	787,716
Oregon	688,516	753,202	693,512
Pennsylvania	2,736,687	3,006,917	2,704,051
Rhode Island	399,128	422,613	398,593
South Carolina	802,303	876,400	803,417

State or Outlying Area	1978 Appropriation1/	1979 Estimate2/	1980 Estimate2/
South Dakota	$ 345,656	$ 363,154	$ 345,550
Tennessee	1,092,546	1,206,989	1,098,335
Texas	2,817,322	3,196,471	2,873,152
Utah	457,305	493,012	461,396
Vermont	300,954	313,447	301,206
Virginia	1,265,366	1,401,538	1,271,892
Washington	961,220	1,058,819	966,152
West Virginia	584,781	635,712	588,699
Wisconsin	1,181,523	1,296,415	1,178,112
Wyoming	280,421	292,993	282,959
District of Columbia	352,287	366,484	348,520
Puerto Rico	862,191	962,258	880,011
American Samoa	46,224	47,159	46,386
Guam	61,153	62,808	60,347
N. Mariana Islands	43,208	43,734	43,331
Trust Territory	62,116	66,114	63,296
Virgin Islands	60,341	62,570	60,135

1/ Distributed with a minimum allotment of $200,000 to the 50 States, D.C., and Puerto Rico and $40,000 to the other outlying areas; remainder distributed on the basis of total resident population as of July 1, 1975.

2/ Estimated distribution with a minimum allotment of $200,000 to the 50 States, D.C., and Puerto Rico and $40,000 to the other outlying areas; remainder distributed on the basis of total resident population as of July 1, 1976.

Library Resources

Interlibrary Cooperative Services

State or Outlying Area	1978 Appropriation 1/	1979 Estimate 2/	1980 Estimate 2/
TOTAL	$3,337,000	$5,000,000	$3,337,000
Alabama	60,157	88,044	60,205
Alaska	42,035	45,366	42,257
Arizona	52,334	69,579	52,440
Arkansas	51,765	67,843	51,709
California	158,197	323,055	159,041
Colorado	54,168	73,866	54,243
Connecticut	57,285	80,797	57,158
Delaware	43,228	47,654	43,219
Florida	86,151	149,858	86,202
Georgia	67,494	105,549	67,567
Hawaii	44,840	51,626	44,890
Idaho	44,533	50,956	44,607
Illinois	102,432	187,209	101,910
Indiana	69,624	109,876	69,387
Iowa	55,952	77,799	55,896
Kansas	52,713	70,236	52,716
Kentucky	58,885	85,190	59,005
Louisiana	61,222	90,964	61,433
Maine	45,899	54,086	45,924
Maryland	62,984	94,252	62,816
Massachusetts	72,418	116,163	72,031
Michigan	90,801	159,853	90,405
Minnesota	61,863	92,003	61,870
Mississippi	53,053	71,106	53,081
Missouri	66,580	102,958	66,478
Montana	44,160	49,930	44,176
Nebraska	48,609	60,412	48,584
Nevada	43,290	48,062	43,391
New Hampshire	44,528	50,877	44,574
New Jersey	80,887	136,522	80,593
New Mexico	46,379	55,414	46,482
New York	140,788	277,431	139,854
North Carolina	70,338	111,836	70,211
North Dakota	43,552	48,483	43,568
Ohio	99,856	180,594	99,128
Oklahoma	55,138	76,431	55,321
Oregon	52,735	70,591	52,865
Pennsylvania	106,129	195,219	105,278
Rhode Island	45,191	52,310	45,177
South Carolina	55,702	77,404	55,731

State or Outlying Area	1978 Appropriation[1]	1979 Estimate[2]	1980 Estimate[2]
South Dakota	$ 43,797	$ 49,022	$ 43,794
Tennessee	63,268	95,685	63,419
Texas	108,231	205,701	109,687
Utah	46,708	56,203	46,814
Vermont	42,632	46,273	42,638
Virginia	67,773	106,443	67,943
Washington	59,844	87,492	59,973
West Virginia	50,031	64,094	50,133
Wisconsin	65,587	100,630	65,499
Wyoming	42,097	45,142	42,163
District of Columbia	43,970	49,206	43,872
Puerto Rico	57,263	82,152	57,727
American Samoa	10,162	10,396	10,166
Guam	10,551	11,261	10,530
N. Mariana Islands	10,084	10,206	10,087
Trust Territory	10,577	11,444	10,607
Virgin Islands	10,530	11,248	10,525

1/ Distributed with minimum allotment of $40,000 to the 50 States, D.C., and Puerto Rico and $10,000 to the outlying areas, and the balance distributed on the basis of total resident population as of July 1, 1975.

2/ Estimated distribution with minimum allotment of $40,000 to the 50 States, D.C., and Puerto Rico and $10,000 to the outlying areas, and the balance distributed on the basis of total resident population as of July 1, 1976.

Library Resources

School Libraries and Instructional Resources
(Advance-funded, consolidated program)

State or Outlying Area	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
TOTAL	$167,600,000	$162,000,000	$149,600,000
Alabama	2,860,747	2,766,812	2,555,031
Alaska	369,445	357,314	329,964
Arizona	1,755,681	1,698,032	1,568,059
Arkansas	1,598,749	1,546,253	1,427,897
California	15,706,317	15,190,587	14,027,852
Colorado	1,958,386	1,894,000	1,749,101
Connecticut	2,340,908	2,264,063	2,090,746
Delaware	454,450	439,528	405,885
Florida	5,620,142	5,435,600	5,019,541
Georgia	3,942,927	3,813,457	3,521,563
Hawaii	680,040	657,711	607,367
Idaho	663,693	641,900	592,767
Illinois	8,559,355	8,278,301	7,644,654
Indiana	4,161,978	4,025,316	3,717,205
Iowa	2,223,209	2,150,208	1,985,624
Kansas	1,670,676	1,615,818	1,492,138
Kentucky	2,635,157	2,548,629	2,353,549
Louisiana	3,262,886	3,155,747	2,914,196
Maine	836,973	809,490	747,529
Maryland	3,236,731	3,130,450	2,890,835
Massachusetts	4,328,719	4,186,582	3,866,127
Michigan	7,339,859	7,098,849	6,555,480
Minnesota	3,161,534	3,057,722	2,823,675
Mississippi	1,984,541	1,919,377	1,772,462
Missouri	3,534,248	3,418,199	3,156,559
Montana	601,574	581,821	537,287
Nebraska	1,176,993	1,138,345	1,051,213
Nevada	477,336	461,662	426,325
New Hampshire	644,077	622,928	575,247
New Jersey	5,548,214	5,366,034	4,955,301
New Mexico	1,003,713	970,756	896,451
New York	13,247,710	12,812,711	11,831,985
North Carolina	4,139,092	4,003,182	3,696,765
North Dakota	513,300	496,445	458,446
Ohio	8,248,759	7,977,905	7,367,250
Oklahoma	1,997,619	1,932,025	1,784,142
Oregon	1,690,293	1,634,791	1,509,658
Pennsylvania	8,582,241	8,300,436	7,665,096
Rhode Island	689,849	667,197	616,128
South Carolina	2,275,520	2,200,801	2,032,345

State or Outlying Area	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
South Dakota	$ 536,186	$ 518,580	$ 478,886
Tennessee	3,164,803	3,060,885	2,826,595
Texas	9,831,161	9,508,347	8,780,547
Utah	1,033,138	999,214	922,731
Vermont	375,984	363,638	335,804
Virginia	3,831,766	3,705,947	3,422,282
Washington	2,726,700	2,637,167	2,435,310
West Virginia	1,337,195	1,293,287	1,194,295
Wisconsin	3,668,295	3,547,843	3,276,280
Wyoming	300,787	290,911	268,643
District of Columbia	474,067	458,500	423,405
Puerto Rico	2,837,861	2,744,677	2,534,591
American Samoa	121,870	113,832	105,119
Guam	343,376	339,449	313,466
N. Mariana Islands	48,748	48,190	44,502
Trust Territory	346,854	348,301	321,641
Virgin Islands	319,472	321,312	296,718
Bureau of Indian Affairs	478,096	432,876	399,742
Undistributed	100,000 3/	---	---

1/ Distributed with 1 percent of the 50 States, D.C., and Puerto Rico amount reserved for the areas and the balance distributed on the basis of the 5-17 population as of 7/1/76 for the 50 States, D.C., and Puerto Rico, with distribution made on the total public and nonpublic elementary and secondary enrollment, Fall 1976 for the areas.

2/ Estimated distribution with 1 percent of the 50 States, D.C., and Puerto Rico amount reserved for the areas and the balance distributed on the basis of the 5-17 population as of 7/1/76 for the 50 States, D.C., and Puerto Rico, with distribution made on the total public and nonpublic elementary and secondary enrollment, Fall 1977 for the areas.

3/ An additional "hold-harmless" amount of $100,000 was added by the Congress in 1978 to insure that no State would receive less than it received in the previous year. The funds were not needed.

Note: The 1978 column includes funds for Guidance, Counseling, and Testing; the 1979 and 1980 columns do not. A proposed 1979 reappropriation of $18,000,000 for Guidance, Counseling, and Testing (ESEA IV-D) leaves $162,000,000 for School Libraries and Instructional Resources out of the $180,000,000 appropriation.

Library Resources

Guidance, Counseling, and Testing

State or Outlying Area	1978 Advance for 1979	1979 Advance for 1980 2/	1980 Advance for 1981 2/
TOTAL	--- 1/	$17,275,000 1/	$17,275,000
Alabama	---	295,041	295,041
Alaska	---	38,102	38,102
Arizona	---	181,071	181,071
Arkansas	---	164,886	164,886
California	---	1,619,861	1,619,861
Colorado	---	201,977	201,977
Connecticut	---	241,428	241,428
Delaware	---	46,869	46,869
Florida	---	579,630	579,630
Georgia	---	406,651	406,651
Hawaii	---	70,136	70,136
Idaho	---	68,450	68,450
Illinois	---	882,763	882,763
Indiana	---	429,243	429,243
Iowa	---	229,289	229,289
Kansas	---	172,304	172,304
Kentucky	---	271,775	271,775
Louisiana	---	336,516	336,516
Maine	---	86,321	86,321
Maryland	---	333,818	333,818
Massachusetts	---	446,439	446,439
Michigan	---	756,991	756,991
Minnesota	---	326,063	326,063
Mississippi	---	204,674	204,674
Missouri	---	364,502	364,502
Montana	---	62,043	62,043
Nebraska	---	121,388	121,388
Nevada	---	49,230	49,230
New Hampshire	---	66,426	66,426
New Jersey	---	572,211	572,211
New Mexico	---	103,517	103,517
New York	---	1,366,295	1,366,295
North Carolina	---	426,882	426,882
North Dakota	---	52,939	52,939
Ohio	---	850,730	850,730
Oklahoma	---	206,023	206,023
Oregon	---	174,327	174,327
Pennsylvania	---	885,124	885,124
Rhode Island	---	71,167	71,167
South Carolina	---	234,684	234,684

State or Outlying Area	1978 Advance for 1979	1979 Advance for 1980 2/	1980 Advance for 1981 2/
South Dakota	---	$ 55,299	$ 55,299
Tennessee	---	326,400	326,400
Texas	---	1,013,930	1,013,930
Utah	---	106,552	106,552
Vermont	---	38,777	38,777
Virginia	---	395,187	395,187
Washington	---	281,216	281,216
West Virginia	---	137,911	137,911
Wisconsin	---	378,327	378,327
Wyoming	---	31,021	31,021
District of Columbia	---	48,893	48,893
Puerto Rico	---	292,681	292,681
American Samoa	---	12,139	12,139
Guam	---	36,198	36,198
N. Mariana Islands	---	5,139	5,139
Trust Territory	---	37,141	37,141
Virgin Islands	---	34,263	34,263
Bureau of Indian Affairs	---	46,160	46,160

1/ The 1979 funding for Guidance, Counseling, and Testing is contained in the School Libraries and Instructional Resources program (ESEA IV-B). The 1979 amount of $18,000,000 ($17,275,000 for grants to States and $725,000 for the Commissioner's discretionary use) is derived from a proposed reappropriation from the $180,000,000 for ESEA IV-B to fund Guidance, Counseling, and Testing under the newly authorized ESEA IV-D.

2/ Estimated distribution with 1 percent of the 50 States, D.C., and Puerto Rico amount reserved for the areas and the balance distributed on the basis of the 5-17 population as of 7/1/76 for the 50 States, D.C., and Puerto Rico, with distribution made on the total public and nonpublic elementary and secondary enrollment, Fall 1977 for the areas. Of the $18,000,000 requested, $725,000 is to be reserved each year for use by the Commissioner for discretionary projects.

TUESDAY, MARCH 27, 1979.

SPECIAL PROJECTS AND TRAINING

WITNESSES

ERNEST L. BOYER, COMMISSIONER OF EDUCATION
JOHN W. EVANS, ASSISTANT COMMISSIONER, OFFICE OF EVALUATION AND DISSEMINATION
WILLIAM L. SMITH, DIRECTOR, TEACHER CORPS
DICK HAYS, ASSOCIATE COMMISSIONER/DIRECTOR, OFFICE OF LIBRARIES AND LEARNING RESOURCES
HERMAN R. GOLDBERG, ACTING ASSOCIATE COMMISSIONER, STATE AND LOCAL EDUCATIONAL PROGRAMS
WILLIAM T. CARTER, DIRECTOR, DIVISION OF EDUCATION SYSTEMS DEVELOPMENT
KATHLYN J. MOSES, DIRECTOR, URBAN SCHOOL INITIATIVES
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE)
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. NATCHER. Now we take up at this time the request for Special Projects and Training. We have before the committee Dr. Ernest L. Boyer, the Commissioner of Education.

Dr. Boyer, who do you have with you to assist in the presentation of this part of your budget?

Dr. BOYER. Kathlyn Moses, to my right, and Bill Smith, Herman Goldberg, and Cora Beebe, and Dick Hays, and Peter Relic and John Evans, and Tom Carter, and Bill Forbush, Mr. Chairman.

Mr. NATCHER. Thank you very much.

Dr. Boyer, with your permission, we will place your statement in the record in its entirety.

[The information follows:]

APC86075
3-26-79 ~w

FEBRUARY 1979 Insert
5-a

BIOGRAPHICAL INFORMATION

NAME: Ernest L. Boyer

DATE OF BIRTH: September 13, 1928

PLACE OF BIRTH: Dayton, Ohio

FAMILY: Married -- Kathryn Garis Tyson, August 26, 1950
R.N. -- Montgomery County (Pa.) Hospital
B.S. -- State University of New York
C.N.M. -- (Certified Nurse Midwife)
Georgetown University

Four children--Ernest, Jr. (1951), Beverly (1953), Craig (1955), and Stephen (1964)

CURRENT POSITION:

1977 - PRESENT	UNITED STATES COMMISSIONER OF EDUCATION (Appointed by the President of the United States and confirmed by the U.S. Senate.)

PREVIOUS POSITIONS:

1970 - 1977	STATE UNIVERSITY OF NEW YORK, Chancellor
1965 - 1970	STATE UNIVERSITY OF NEW YORK, Vice Chancellor and Executive Dean for University-wide Activities
1962 - 1965	UNIVERSITY OF CALIFORNIA, Santa Barbara, Director, Center for Coordinated Education
1960 - 1962	WESTERN COLLEGE ASSOCIATION, California, Director, Commission to Improve the Education of Teachers
1956 - 1960	UPLAND COLLEGE, California, Academic Dean and Professor of Speech Pathology and Audiology
1955 - 1956	LOYOLA UNIVERSITY at Los Angeles, Assistant Professor and Director of Forensics

Biographical Information -- Ernest L. Boyer

DEGREES AND PROFESSIONAL EDUCATION:

1950 -- A.B., GREENVILLE COLLEGE
1952 -- Graduate Studies, OHIO STATE UNIVERSITY
1955 -- M.A., Ph.D., UNIVERSITY OF SOUTHERN CALIFORNIA
1959 -- Postdoctoral Fellow, UNIVERSITY OF IOWA HOSPITAL (Medical Audiology)
1976 -- Visiting Fellow, CAMBRIDGE UNIVERSITY

HONORARY DEGREES:

1971	Litt.D., Chapman College
	L.H.D., Dowling College
	LL.D., University of Southern California
	Presidents Medal, Tel-Aviv University
	P.S.D., Greenville College
1972	L.H.D., Pace University
1973	D. Sc., Alfred University
	LL.D., Fordham University
	LL.D., University of Akron
	LL.D., Roberts Wesleyan College
1975	LL.D., University of Rochester
1977	L.H.D., Fairleigh Dickinson University
1978	LL.D., College of William and Mary
	LL.D., Beloit College
	D.F.A., Wheeling College
	LL.D., Hamilton College
	L.H.D., City University of New York
	D. Paed., Yeshiva University
	LL.D., Hope College
	Litt.D., University of Maryland
1979	LL.D., Drake University
	Litt.D., Rider College

SELECTED RECOGNITIONS:

Selected as one of America's two Outstanding Leaders in Education, U.S. News and World Report (1978)

Presidential Commission on the Financing of Post Secondary Education (1972-73)

Presidential Committee on the Education of Women (1975)

Commission on Critical Choices for Americans (1973-74)

Biographical Information -- Ernest L. Boyer

SELECTED RECOGNITIONS (CONT'D.):

Governor's Award, State of Ohio (1978)

Presidential Fellow, Aspen Institute for Humanistic Studies (1978)

Encyclopedia Britannica Achievement in Life Award (1978)

PAST AFFILIATIONS:

President, National Association of State Universities and Land Grant Colleges

Executive Committee, American Council on Education

Executive Committee, American Association for Higher Education

Member, Carnegie Council on Policy Studies in Higher Education

Board of Trustees, Carnegie Foundation for the Advancement of Teaching

Board of Trustees, Teachers Insurance and Annuity Association of America

Board of Trustees, Educational Testing Service

Board of Trustees, Saratoga Performing Arts Center

Board of Trustees, Earlham College

Board of Trustees, Institute for International Education

Board of Trustees, International Council for Educational Development

PRESENT MEMBERSHIPS:

Board of Directors, Kennedy Center for the Performing Arts
National Council on Educational Research
National Council on Education Statistics
Federal Interagency Committee on Education
National Commission on Truman Public Service Fellowships
Executive Committee Center for the Book, Library of Congress

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Commissioner of Education

on

Special Projects and Training

Mr. Chairman and Members of the Committee:

I am pleased to appear before you to present our 1980 appropriation request of $117,628,000 for Special Projects and Training. This account primarily covers activities authorized by Title III of the Elementary and Secondary Education Act as amended by the Education Amendments of 1978, two educational personnel training programs authorized by the Higher Education Act, and the agency's planning and evaluation efforts.

Educational Excellence

The activities in this account, while including a number of seemingly disparate functions, are united by a common purpose of enhancing the quality of education. This underlying philosophy of educational excellence contains a number of essential elements which are reflected in these programs. First, we maintain that excellence is to be pursued not by the Office of Education alone, nor even by the schools and universities working alone, but by everyone working together--parents, teachers, students, administrators, the community, and the business world. Secondly, to unlock the potential of every student, we must reinforce the Federal commitment to exclude race, sex and other stereotypes of prejudice from the educational scene. Finally, we recognize that to remain vital, the educational institutions of this country must respond to rapidly changing circumstances in today's society and modify the way schools serve students; that those responsible for education must respond creatively and flexibly to this diversity.

Legislative Changes

The Office of Education has been promoting educational excellence over the last two decades through the Cooperative Research Act and its successor, the Special Projects Act. However, built-in restrictions in the Special Projects Act severely limited flexibility and thereby significantly hindered the fulfillment of the law's basic goals. The Education Amendments of 1978 have remedied that situation, and this budget proposal reflects this change.

The new Title III of the Elementary and Secondary Education Act, entitled "Special Projects," continues the basic purposes of the Special Projects Act: 1) to experiment with new educational and administrative practices and techniques, 2) to meet special needs or problems in education, and 3) to emphasize national priorities. A fourth purpose, to disseminate information to the States and localities, has been added. This new legislation also includes a more ambitious array of authorized programs. Finally, the provision of two discretionary authorities provides greater flexibility to fulfill the purposes of the legislation.

This budget is the first prepared under the new law. The Administration's priority on promoting excellence throughout the educational spectrum is reflected in an increased request of $4.5 million for this account, while reductions are evident elsewhere.

Schools and the Community

The importance of the collaborative relationship of schools and communities is demonstrated by almost every activity within this appropriation. Each Teacher Corps site, for example, is jointly planned, conducted, and evaluated by the participating college, LEA, and an elected council representing the community. Since the beginning of the five-year project cycle in 1978, this program has trained 25,200 educational personnel in 504 schools throughout the Nation. In the Arts in Education program, priority will be given to applicants who demonstrate the capability to link together existing school and community resources such as museums and artists in support of school arts programs. The major strategy of the PUSH for Excellence and Cities in Schools programs is to mobilize and integrate community resources to improve students' attitudes, self-perceptions and accomplishments. We are also requesting a $1 million 1979 supplemental for PUSH for Excellence to cover program operations in the current school year. Finally, there is the Community Schools program itself, which takes its name from this concept. The slight reduction in the request for this program reflects not a lessening of the Federal commitment but rather the fact that the ideas that inspired this single activity are now imbuing a wider spectrum of programs.

For these activities just mentioned, the 1980 request includes $47.5 million: $37.5 million for Teacher Corps, $3 million for Arts Education, $3.1 million for Community Schools, $1 million for PUSH for Excellence, and $2.8 million for Cities in Schools.

Overcoming Prejudice

Other activities in this account, while recognizing the importance of community involvement, give primary emphasis to overcoming prejudices that impede the attainment of quality in education. The Women's Educational Equity program, for which we are seeking an additional $1 million for a total of $10 million, seeks to help overcome sex stereotyping. This activity complements programs directed at overcoming prejudice or the effects of prejudice, but found elsewhere in the agency's budget presentation, such as Bilingual Education and the Emergency School Aid Act programs.

In addition, prejudice in the form of neglect has often characterized treatment of those that the society may view as "different." Too often, neglect has been the plight of not only handicapped children but gifted students as well, especially those from minority and disadvantaged groups. To help develop projects that identify and develop the unique potential of these students, $3.8 million is being asked under the Gifted and Talented program. Further, an amount of $3 million is being proposed for the Biomedical Sciences program authorized by the Education Amendments of 1978 to stimulate and assist talented, economically disadvantaged youth to prepare for and enter careers in the biomedical field.

Changing Patterns of Education

The pursuit of excellence in education also acknowledges that the traditional patterns of education and the places where education occurs are undergoing dramatic change. The Teacher Centers movement, for example, is part of a much larger, worldwide movement for creating opportunities for continuing education that are accessible to the working adult. In federally funded Centers, the curriculum is designed by elementary and secondary teachers themselves seeking to upgrade or add to their skills, while the policy boards bring teachers together with parents and university faculty. We are requesting $13 million for this program.

Another newly authorized activity, Youth Employment, will examine the structural relationship between schools and places of employment. An amount of $2 million is sought to link education programs with related CETA programs in the Department of Labor, and provide technical assistance in order to tap the talents of more students and help them find rewarding vocations. The Career Education program, included in the request at $10 million, demonstrates ways in which education can lead to a range of career choices. Complementing these efforts elsewhere in the agency is the Cooperative Education activity in the Higher and Continuing Education account.

One of the greatest challenges to traditional modes of education is television. This agency's efforts in Educational Television Programming have contributed immeasurably to improving the quality of programs, especially those directed toward children. An amount of $6 million is included in the budget to continue development of both innovative programs and the accompanying study materials which are designed to be used by the students at school. Currently, Sesame Street is seen by 15 million viewers daily while Footsteps is viewed by eight million weekly. In addition, three million children view reruns of Music Is annually and six million see daily reruns of the Electric Company.

Dissemination

The goal of quality in education is directly served by the agency's National Diffusion program for which $10 million is requested. Through this activity, programs in a wide array of subjects, including basic skills, bilingual education, the arts and special education that have been previously developed with Office of Education funds and have proven effective, are being replicated in and adapted to other localities.

In fiscal year 1978, directly because of this program, some 2,185 full adoptions of "proven" programs have been made by local education agencies nationwide.

The remaining programs in the account emphasize the importance of an informed citizenry. The newly authorized Health Education program for which the request is $2 million supports model development of comprehensive school health programs designed to enhance the physical and mental health of students in grades K-12. This effort, together with the Alcohol and Drug Abuse program in the Elementary and Secondary account, is part of a Department-wide strategy to promote healthful lifestyles and prevent disease.

Our budget request for Special Projects also includes $1.8 million and $3.1 million, respectively, for the Metric Education and Consumers' Education programs. And finally, we are requesting $5.3 million for the Planning and Evaluation activity. These funds, plus set-asides from the programmatic budgets of several other programs such as Title I of ESEA and ESAA, will be used to fund field studies of the effectiveness of the Office of Education's programs. Evaluation efforts are being refocused to assure that evaluations are more closely related to programmatic, legislative and budgeting decisions. In addition, evaluations will be structured to assist program managers and policymakers in defining realistic measurable objectives and appropriate performance indicators in OE programs.

Thank you, Mr. Chairman. I will now be happy to answer any questions you may have.

Mr. NATCHER. Unless you want to highlight, we will go right to the questions.

Dr. BOYER. We will go to the questions, Mr. Chairman.

COSTS OF PROGRAM ADMINISTRATION

Mr. NATCHER. The budget lists 12 separate line items under special projects totaling $48.7 million. How much does it cost to administer all of these small programs?

Dr. BOYER. I will supply that. I do not have the administration overhead for those immediately in mind, but we can break it out, Mr. Chairman.

[The information follows:]

OVERHEAD COSTS FOR SPECIAL PROJECTS

It costs approximately $3.7 million to administer the 12 small programs listed under the Special Projects activity. This cost includes personnel compensation, travel, printing, field readers, equipment and other salaries and expenses costs.

Mr. NATCHER. How many staff people are assigned to administer your programs?

Dr. BOYER. Again, I do not have the exact number. I know that the small discretionary grants of $2 million to $3 million have approximately 3 to 5 as an average. The National Diffusion Network is a larger program.

Dr. EVANS. Thirty at the present time for the National Diffusion Network, Mr. Chairman.

Dr. BOYER. I would say that is the one exception to what would be a 3- to 5-staff average, but we can supply the specifics of that.

[The information follows:]

POSITIONS FOR SPECIAL PROJECTS—FISCAL YEARS

	1979 authorized positions	1980 request
1. School health		3
2. Youth employment		5
3. Biomedical sciences		3
4. Arts in education	3	3
5. Metric education	6	6
6. Consumers' education	6	6
7. Gifted and talented	7	7
8. National diffusion program	30	30
9. Educational television programing	3	3
10. Cities in schools [1]	1	1
11. Push for excellence		1
12. Career education	20	20
Total	76	88

[1] This position is included in the Immediate Office of the Executive Deputy Commissioner for Educational Programs in the 1980 Budget.

Mr. NATCHER. Does the total number of staff assigned to these programs exceed the number assigned to administering the $3.5 billion Title I program?

Dr. BOYER. No. In 1980, we are requesting 88 positions for the 12 Special Projects programs, as compared to our request of 120 positions for Title I.

Mr. NATCHER. Do each of the 12 programs have separate rules and regulations?

Dr. BOYER. Yes, sir.

Mr. NATCHER. As you know, we may have to cut this budget for special projects. How do you feel about an across-the-board cut of 20 percent, Doctor?

Dr. BOYER. That would hurt me, Mr. Chairman. As I mentioned in my opening statement, these are very small items but they are pointing in some interesting new directions, and a 20 percent cut on the base for these programs would reduce them to the point where it would be hard, frankly, to justify some of them as national activities. I think you have already hinted at the overhead investment in time and energy, and beyond a certain point I really question whether we are able to do something at the Federal level with such a small appropriation. So I would be unhappy if these were dealt with that way.

PROGRAM PRIORITIES

Mr. NATCHER. If you rank these 12 programs in order of their importance, which would you place in the top 5? Which would you select?

Dr. BOYER. I would have 5 friends and 7 enemies, Mr. Chairman. That is very hard, but trying to be fair, I would say that my own interest in Gifted and Talented is very keen. I think that American education generally and in the Federal program particularly has not paid enough attention to our gifted and talented young people. I would certainly mention that as a priority.

I also believe that television is doing something in our society that is profound in shaping our world in ways we hardly understand. If we can find a way for television to be linked into the classroom and have these 2 teachers join each other instead of competing, I think we are going to find great improvements in education. It has captured our generation. It is now teaching, I think, more than the teachers, in certain ways. Some of it is very bad. Some is very good. While I would certainly not put that in rank order, I would note it as an issue.

I would also mention the clustering of community-related activities. We have an item called Community Schools, but we also have 2 new ventures, Cities in Schools, and PUSH for Excellence. In some ways they are spiritually united. They are trying to find out how to relate the school and the home, the school and the parent, the school and the community, to join forces instead of having schools stand in isolation. I would certainly list these activities as a matter of great concern.

I personally have an interest in the role of the arts in education. I think art not only is profoundly important for us esthetically, but is also powerful as a teacher. Many children who cannot be reached in other ways will be drawn to education through the arts. It is a universal method of communicating. I happen to think of it as a symbol system tied into basic communication. Having given some hint of what just pops out at me, I should add I think all of the others are splendid too, but those are personal reflections on what I think are very important programs throughout.

NATIONAL DIFFUSION PROGRAM

Mr. **Natcher**. Dr. Boyer, of the 12 programs listed, the one that we hear quite a bit about is the National Diffusion Program. Don't many school districts find that program useful in improving educational practice?

Dr. **Boyer**. John Evans is the administrator.

Mr. **Natcher**. Go ahead, Mr. Evans.

Dr. **Evans**. Mr. Chairman, as you know, that program is responsible for disseminating projects and materials that have been found to be effective throughout the Nation. Since it began in 1974, we have documented 5,600 instances of adoption in which schools have, through the efforts of this Network, taken projects for which there is objective evidence of effectiveness and incorporated those projects into their school curricula.

HEALTH EDUCATION

Mr. **Natcher**. You are requesting $2 million for a new school health program. What are your specific plans for funding projects under this program?

Dr. **Boyer**. We have plans to support 7 State projects under this new authority, Mr. Chairman, and 14 local school district projects. We are trying to give somewhat larger grants to support projects which we think can serve as illustrative examples of how health education can be built into a K-12 school. We believe it will be one of the important components of the new Bureau of School Improvement that we have created.

I might say it is of high priority as well. I did not mention the new projects, but especially this one represents an HEW-wide effort. Secretary Califano has named a Joint Panel on Health Education, co-chaired by Surgeon General Julius Richmond and myself, and we are very enthusiastic about the possibilities of coordinating the health component in HEW and our Office. We have worked together very carefully in the past year and a half on the immunization project and there has been a dramatic improvement in that program precisely because of these two agencies in the Department working together.

This new health education authority, with a new office in OE, will work collaboratively with Health in HEW to push forward a schoolwide health program.

Mr. **Natcher**. Generally speaking, don't you believe that the HEW programs operated by the Center for Disease Control perform about the same service?

Dr. **Boyer**. No, I do not think that they have the access to the school curriculum and to the school administration, which, of course, is the unique relationship that OE has. As I mentioned, Mr. Chairman, in our new Bureau of School Improvement we will have an Office of School Health. We will combine under that the Alcohol and Drug Abuse authority plus the School Health Education proposed here and the new Biomedical Sciences Program, those three combined under a single administration.

Mr. **Natcher**. Dr. Boyer, the Health Services Administration in HEW is requesting $2 million for a school health program. Why do we need 2 programs?

Dr. **Boyer**. The Health Services Administration request relates to a new program of maternal and child health services provided in the school rather than to the type of health education program proposed by the Office of Education. Again, these are partnership components and the advantage is that while we have two separate agencies that are committed to health, we are working together, so that they will reinforce each other.

BIOMEDICAL SCIENCES PROGRAM

Mr. **Natcher**. You also propose $3 million for a new biomedical sciences program. Why isn't this program part of the Health Career Opportunities Program administered by the Health Resources Administration in HEW?

Dr. **Boyer**. The Biomedical Sciences program is a special focus on the high school level, and is a sustained four year program. We believe that, again, many gifted, economically disadvantaged students would benefit enormously from early identification and support during each of their high school years. The aim of this program is to locate students, especially those gifted in the sciences, who would get special help during the school year and the summer, during the 4 high school years, and be encouraged to work toward health professions, most especially medicine and dentistry.

There have been some examples in some States that have shown that if you can identify these students early, many will in fact move on into the health professions where minority representation is very small. This budget suggests that projects be based at institutions of higher education, and each will serve, hopefully, 100 students.

YOUTH EMPLOYMENT

Mr. **Natcher**. The budget includes $2 million for another new program for youth employment. Isn't this subject the responsibility of the Labor Department, Doctor?

Dr. **Boyer**. In the broad sense, certainly CETA has the lion's share of the money, but the new authority consistently indicates that it is intended not only for work and jobs and a payroll, but it is also important that these young people become educated so that they are independent. Our $2 million is a small, small part of the whole Federal program, but we think it is strategic because it will enable us to work with local school districts and State education departments precisely to help them work with local prime sponsors under CETA. That is our small contribution to help deliver on an agreement, which Secretary Califano and Secretary Marshall have signed, saying we are going to create an interdepartmental structure to make the CETA-education component work.

CITIES IN SCHOOLS

Mr. **Natcher**. For the cities in schools program the budget is $2,850,000, an increase of $664,500 over last year. Where are these projects located?

Dr. **Boyer**. We have prototype projects in three cities—these were the early ones—in Atlanta, New York, and Indianapolis. In 1979 it has expanded into Oakland, Washington, D.C., and Houston. We currently have 6 cities that are participating in the Cities in Schools Program.

Mr. **Natcher**. How many years do you plan to support individual projects?

Dr. **Boyer**. There would be a 4-year span for a single project.

Mr. **Natcher**. Are these programs funded jointly with other Federal programs?

Dr. **Boyer**. Yes. There has been a very heavy participation of other agencies. At least 6 or 8 Federal agencies have been involved such as Labor, Commerce, Action and LEAA.

In addition, you know each project is to stimulate the support of private business and industry. The partnership of local business is an important component of this program.

COMPARISON OF CITIES IN SCHOOLS AND PUSH FOR EXCELLENCE

Mr. **Natcher**. The budget proposes $1 million for the program PUSH for Excellence. How does this program differ from the Cities in Schools Program?

Dr. **Boyer**. The Cities in Schools program is built on the notion of bringing many different services into the school. In fact, if you take the 6 existing projects, there are in total 48 separate public agencies that are participating, such as the Health Department, the Law Enforcement Department, Parks, Welfare.

I visited one of these and in the school itself there were representatives of these various public agencies that had offices or personnel there to work with the young people.

I might add as a footnote the Cities in Schools program is an attempt to save young people who have failed, those have dropped out or are leaving school. The question is, if we combine services, can we in fact give the kind of support that will allow these young people to move through their education instead of leaving and getting into trouble with the law. It is a hard core of students that have all but failed.

In the case of PUSH for Excellence, this is a program that is schoolwide, involving all of the children in a school and the parents in the education of their children, in contrast to Cities in Schools, which attempts to bring multiple city services right into the school to work with a select group of children. Here we have a broader clientele and the connection is more between the teacher, the school and the home, with the parents working with the children and with the teachers to see that certain goals will be met, including homework.

EDUCATIONAL TELEVISION PROGRAMMING

Mr. **Natcher**. Mr. Early.

Mr. **Early**. Thank you, Mr. Chairman.

On the special projects, the $6 million for the education and television program, what is the difference between this and the earlier program we were talking about?

Dr. **Boyer**. The other television authority was under ESAA geared specifically to achieve the objective of desegregation. This program has no such restriction. These ETV dollars are open-ended to meet broader educational agenda. ESAA-TV is targeted specifically under the authority, Mr. Early, of the desegregation obligations of that law.

Mr. **Early**. So in total television special programs, we are going to fund this less than we fund the ESAA television?

Dr. **Boyer**. You mean in total dollars?

Mr. **Early**. Yes.

Dr. **Boyer**. The request for this program is less. ESAA-TV is proposed at $9 million. This is a $6 million request.

Mr. **Early**. So for all the achievements of television there is not that much more we can get out of $6 million that we do not get out of ESAA?

Dr. **Boyer**. I am sorry, I missed that.

Mr. **Early**. ESAA funding is more?

Dr. **Boyer**. That is right, yes.

Mr. **Early**. The special programming for the whole population including the minorities is only $6 million?

Dr. **Boyer**. That is correct.

Mr. **Early**. That does not seem to be very progressive thinking.

Dr. **Boyer**. I can only say that the impact of television programming under the Special Projects has been outstanding. On the other hand, I think the prospect of using television to change attitudes in relation to desegregation offers considerable promise, too. To be quite frank with you, if I had more, I would be very pleased if we were able to expand our general television support under Special Projects.

Mr. **Early**. Why shouldn't this be comprehensive? Why couldn't it be implemented into this?

Dr. **Boyer**. You mean the ETV?

Mr. **Early**. Yes,

Dr. **Boyer**. Organizationally, a combined television package that would let us use dollars in a more open-ended way and get a multiple effect would be fine and I would prefer it. Quite frankly, what you have here is the result of legislative history in which the different television authorities grew up with different mandates. That does not mean they are incongruous. It, however, falls somewhat short of that ideal organization which you are suggesting, and I would concur.

Mr. **Hays**. Even though there are separate authorities, the Commissioner has moved these programs into a cohesive single management unit so the strategies are jointly delivered. We have involvement from each of the programs staffs and under a unified management.

Dr. **Boyer**. We have combined them internally and organizationally, as Dick Hays said, for the reason you just mentioned. However, they still are separate authorities.

Mr. **Early**. I would like to think so, but I see funding in 2 different places.

Dr. **Boyer**. As I was explaining, the history of the legislation has them separated, but we are trying administratively to achieve the ends you mention.

SCHOOL HEALTH

Mr. **Early**. Would you explain this new School Health program a little further.

Dr. **Boyer**. We are working with the Office of the Assistant Secretary of Health in HEW to create a single team. For the first time, we have worked jointly with the Surgeon General to create a strategy to work in the schools and encourage schools to, among other things, increase the immunization of children. This past year we showed a dramatic increase in the number of children immunized. In addition, this Office will work with school districts to develop comprehensive curricula for strengthening health education into the elementary and secondary schools.

Mr. **Early**. We fund health items for this specific end, to have health programs in the secondary and elementary levels. Why should we fund a special project under education? Is that comprehensive? The N.I.H. asks us for X amounts of money to communicate their message, and we do fund them.

Dr. **Boyer**. We are the only agency that has access to the public schools directly through the State education departments and through local school districts. I do not want to say more than I know, and I am not fully familiar with the details, but it is my understanding that they deal with general knowledge, general information about health and specific health concerns. Our program is to move directly to the school curriculum and to work with the schools directly and the administrators directly. To my knowledge, Mr. Early, ours is the only program that focuses specifically on the public school curriculum and works directly with public schools.

Mr. **Early**. For instance, they said they are educating our youngsters on high blood pressure risks in elementary and secondary schools. If they are not aware of the programs, how did they get it in those schools?

Dr. **Boyer**. I cannot fully comment on what they have said, but their health education programs, so far as I know do not deal systematically through the school administrators, which is the special administrative and legal responsibility of this Office.

They do fund certain health services, such as school nurse programs, and that sort of thing, or regional nursing health care to school children. I am separating out primary care and service arrangements.

Mr. **Early**. You have told me that this is a new startup in school health. We fund in other areas school immunization, and the education of youngsters on stroke and high blood pressure. You are telling us this is the only program that goes this route. How does that other one get into elementary and secondary education?

Dr. **Boyer**. This is the only program that is directly related to strengthening or promoting school curricula that deal with health in the schools from K through 12, and also that fund statewide health education planning through the State education departments.

Mr. **Early**. The President's Commission on Physical Fitness and Sports does not do that?

Dr. **Boyer**. Let me add that the President's Commission offers activities that help education people generally and children in particular through information on the health aspects of physical fitness. In addition the health agencies provide services provided for children as well as others. I am separating that out from the question of health education in the schools.

Dr. GOLDBERG. I would add one footnote. The health education program enables the Office of Education to work with State and local education agencies and is geared as a comprehensive health education approach which includes full curriculum guides, instructional materials, pamphlets, filmstrips, et cetera, whereas the HEW program hits at categorical concerns, such as a cardiovascular resuscitation, and antismoking.

Dr. BOYER. We are the agency, Mr. Early, that is responsible for working with teachers and administrators in the schools.

Mr. EARLY. What are you going to do with $2 million in a comprehensive special program?

Dr. BOYER. That is the problem facing all of these new programs.

Mr. EARLY. Is it so small that we do not get anything out of it?

Dr. BOYER. No, that is where I think we have to be smart. The answer to that is to target the money carefully, assess what the results are and then disseminate information on successful projects to others who can learn from them.

Mr. EARLY. Tell me how you are going to target that $2 million.

Dr. BOYER. We intend to award 7 grants that will go to State departments of education so they can work on health education and prepare a statewide plan. How does a State proceed if it wishes to make health a part of the educational program for children in that State? Those states that do will be chosen on the basis of competition and the 7 best will get some money from us, $150,000 each.

Mr. EARLY. They are all $150,000 grants?

Dr. BOYER. Yes, sir, approximately. If we do our job well, we will evaluate what they have done and find a way for these programs to be distributed and discussed with other States. So we use those as examples. We also are going to give 14 grants to local school districts averaging $75,000 each, and we hope they will be scattered across the Nation strategically to the best school districts that are ready to insert health concerns into the curriculum, whether it has to do with caring for the body, with nutrition, with smoking, with alcohol, those matters that cause students to live either healthfully or not. They in turn, I think, will be chosen carefully, and we will find a way to evaluate them and disseminate this information.

I think that if we select and disseminate wisely we will see a difference.

Mr. EARLY. But isn't that over $2 million?

Dr. BOYER. I hope not.

Mr. EARLY. All we are doing is giving out grants. Where is the money to assess and evaluate these efforts?

Dr. BOYER. This has to be seen in the context of our National Diffusion Network. We do have monies elsewhere, and in fact a mechanism called the Joint Dissemination Review Panel. Under that structure any program that is excellently achieving its goal is submitted for review. If we find that it is in fact a model, then it is disseminated through all the 50 States. That is what that entire network is all about.

Mr. EARLY. And you have other monies to do that?

Dr. BOYER. The National Diffusion Network is separately funded at a request of $10 million under Special Projects authority.

Mr. EARLY. Do these 21 grants you speak of, take up the whole $2 million?

Dr. BOYER. Yes.

Mr. EARLY. How are they going to be evaluated? What is the time span? It's got to be one year or sooner. Have we got the mechanism set up for them to complete their study, then get back to you for assessment and evaluation?

Dr. BOYER. Well, it's possible for repeat funding of a project that is justified. We have done that more often than not. That is, although it's an annual appropriation, we can fund it for one to three years based on year-to-year appropriations.

Mr. EARLY. What regulations are you devising for this program? You have to tell the grantee how long a grant it is or what it is.

Dr. GOLDBERG. The proposed regulations for this new legislative effort are on their way toward publication, Mr. Early, and we are going to award a specific number of points for the major characteristic, namely, comprehensivity—does the school system or will the State work out something that affects all phases of the health of individuals, including injury prevention, disease prevention, the harmful effects of tobacco and alcohol?

Dr. BOYER. He is asking about the length of time of evaluation, too.

Dr. GOLDBERG. The evaluation of these projects will be going forward during that year; there will be program officers who will monitor the programs.

Mr. EARLY. How are they being funded to monitor these programs?

Dr. GOLDBERG. At the moment they are in my office and we are producing the regulations. Dr. Boyer proposed a transfer of staff to the new Bureau of School Improvement where this program is expected to be housed.

Our office at the moment is doing the work and we have specialists in health education in Mr. Simon McNeely and Dr. Helen Nowlis.

Mr. EARLY. What are they funded under?

Dr. BOYER. They are on our staff.

Dr. GOLDBERG. They are on our staff, under the Office of State and Local Education Programs.

Mr. EARLY. All right.

[The following questions were submitted to be answered for the record:]

Career Education

Mr. Natcher. For career education the budget is proposing $10.1 million to fund demonstration projects. Career education demonstration projects have been funded since 1971. Frankly, haven't you done enough demonstrations?

Dr. Boyer. We feel very good about the demonstrations that have been completed. However, we feel a great need for further demonstrations in three areas: (a) career education for special portions of the population; (b) demonstrations of truly comprehensive K-12 efforts (most of our current demonstrations have represented only "building-block" efforts); and (c) demonstrations of community partnership efforts that see school districts and the business/labor/industry community build true partnerships.

Mr. Natcher. Do you think that most States are ready and able to operate career education programs?

Dr. Boyer. The States have demonstrated a great deal of enthusiasm and support for career education. The Administration believes, however, that before SEAs and LEAs assume responsibility for implementing career education on a large scale further demonstration is needed to provide a greater range and number of models on which to base implementation strategies. Once these models are developed to meet the educational needs of all types of students, SEAs and LEAs should bear the costs of installing career education.

Mr. Natcher. If Congress should decide to continue funding the Career Education Incentive Act in 1980, do you see any problem with continuing the program at the level of $20 million expected this year?

Dr. Boyer. The Administration would have to review its position on this issue since chances are that any increase for this Act in 1980 would have to be offset elsewhere in the budget as part of efforts to control Federal spending.

Mr. Natcher. Do you see any particular need to support postsecondary education demonstration projects in career education?

Dr. Boyer. The first priority to receive career education funds would be the elementary and secondary schools to help students at an early age to understand the nature of their career choices. We should support this priority by continuing to develop demonstrations at the K-12 level in order that SEAs and LEAs can implement career education throughout all school systems. Of secondary concern is the postsecondary level where already available guidance and counseling personnel provide career education services to students.

Teacher Corps Improvements

Mr. Natcher. The budget for the Teacher Corps is $37.5 million. What improvements have occurred as a result of the changes made in this program last year?

Dr. Boyer. In 1978, the Teacher Corps program changed its strategy from a two-year project cycle, to a five-year cycle. This change has enabled us to make a number of improvements in the program. First, because the first year of the five-year project is now designed as a developmental year, more thorough planning and development of the projects is possible.

Second, there is a broader representation of persons who have a high interest in education provided at local Teachers Corps schools due to the new requirement of elected community councils in the governance of each project. Third, new provisions permit more extensive technical assistance for sites which is resulting in better projects. Fourth, under the new authority, a long term evaluation of the Teacher Corps has been initiated. This will provide better and more useful information about Teacher Corps results and success. And fifth, for the first time all educational personnel, in a feeder system of schools that include all grade levels, K-12 through which a student would normally progress, are involved in the local Teacher Corps project. This continuity will ensure that all students will benefit from the Teacher Corps project.

Mr. Natcher. Describe briefly how a Teacher Corps project works under the new five-year funding cycle?

Dr. Boyer. Under the new five-year Teacher Corps funding cycle, the first year of a project is devoted to planning and development activities. An important first step in this is the election of a representative community council which then assumes a share in the governance which is equal to that of the local educational agency and the institution of higher education involved in the project. Years two through five are the operational years of the program.

In the second and third years, the project focuses on inservice training for educational staff including, teachers, principals, teacher aides and other personnel, as well as on preservice graduate level intern training. The emphasis in these years is to develop a comprehensive training program that provides continuity from preservice to inservice training and provides the opportunity for inservice teachers and interns to work together. In many cases, not only will the interns work in the classroom, but will participate in workshops and courses offered to inservice teachers.

Inservice training will continue into the fourth and fifth years. Preservice training is a two year activity culminating in a masters degree. In these last two years, major emphasis is on the institutionalization and adaptation of the educational improvements so that the innovations will remain after the termination of Federal support.

Throughout the project, but particularly in the later years, attention is paid to spreading successful project results and experiences to other schools, both within the applicant school district and to other school districts, colleges, and universities. In this respect, particular attention is given to documenting and evaluating project experience so that others may learn from it.

Effectiveness of WEEA Program

Mr. Natcher. For women's educational equity the budget proposes $10 million, an increase of $1 million over last year. What evidence do you have to show the effectiveness of this program?

Dr. Boyer. The National Advisory Council on Women's Educational Programs has a statutory mandate to evaluate programs and projects supported under the Act. A research organization conducted a preliminary assessment for the Council of program operations during the first two years of the WEEA program. That study showed that many of the projects have been quite successful. This report was cited in testimony during the reauthorization process last year.

The WEEA Program has a contractor to perform a review for quality of all the materials and model programs that result from grants. So far, 82% of them have been approved for national distribution. Those now available at cost are selling well. Orders increased dramatically from the summer of 1978 when products were first available (178 products sold), to 1,744 sold in the fall of 1978, and 1,888 in the single month of January 1979 alone.

The "best sellers" from the WEEA Program, however, continue to be the twenty-one general technical assistance manuals on Title IX that were first distributed in 1976 (over 32,000 sold). Additional materials for training workshops, including special manuals for physical educators, vocational educators, and counselors, will soon also be on sale at the Government Printing Office.

The Women's Educational Equity Communications Network facilitates contact among all persons, groups, and agencies that are working on behalf of women's educational equity. Its information services cover all areas of women's educational equity. In the last four months, contacts from users have increased by 85 percent. The mailing list which now numbers 13,128 has increased by 139 percent.

No impact evaluation has yet been conducted to find out how these materials are being used. Three efforts are underway. The Office of Evaluation will shortly issue a contract for an exploratory evaluation of the program. Secondly, eight national demonstration projects at the elementary and secondary education level will be funded this year to use the WEEA materials already developed in a comprehensive way. Further, one of the new priorities planned for Fiscal Year 1980 is grants for additional pilot testing and demonstration of materials or individual models or sets of materials.

Maintenance of 1979 Funding Level For WEEA Program

Mr. Natcher. Why can't you maintain this program at last year's amount of $9 million?

Dr. Boyer. The reauthorized Act requires the Commissioner to establish priorities to ensure the most effective use of funds. The proposed priorities are: (1) Demonstration of newly developed WEEA models and materials to promote wide usage; (2) Dissemination centers to link developers and users; (3) A national WEEA

Program for change with national training centers to prepare leaders from participating school districts to establish programs for equal educational opportunities for both sexes; (4) The development of model programs to eliminate sex discrimination and sex bias in elementary and secondary education; (5) The development of programs to address inequity in education for two groups: (a) the neediest girls and women as measured by poverty and by discrimination on account of race, national origin, or handicap; and (b) those organizations and individuals who have substantial influences on educational policy and action; (6) A high-risk category for projects to address hard core problems with untried approaches.

As the program enters its fifth year, it is ready to move strongly into the demonstration and dissemination areas on the basis of the developmental work already completed or underway. Development will continue, however, but in the special areas solicited under the priorities. Support for intensive activities in demonstration, development, and dissemination, all three now spelled out under the new law, requires additional funds.

Title IX Compliance In WEEA Program

Mr. Natcher. Why should the Federal Government provide special assistance to enable institutions to comply with Title IX law?

Dr. Boyer. With the exception of Title IX, the Federal Government has provided and is providing assistance to education agencies and institutions to comply with the other Federal Civil Rights laws. Local school districts and other educational institutions need help in understanding the requirements of Title IX laws. The program can provide funds to encourage agencies to begin projects to provide equal educational opportunities for both sexes. The goal, therein, is to avoid legal action. The emphasis is on incentives and equity and not on rescue for noncompliance.

Teacher Centers

Mr. Natcher. The Teacher Centers program has been funded since 1978. How effective is this program in upgrading skills of teachers?

Dr. Boyer. The Teacher Centers program received its first funding in 1978. The process of making discretionary awards is such that most of the projects funded with fiscal year 1978 funds have only been underway a little over six months. Therefore, it is too early to determine the effectiveness of these centers. However, other non-federally funded centers indicate that this strategy presents a very promising approach toward upgrading the skills of teachers.

Mr. Natcher. Describe your plan for the geographical distribution of Teacher Centers.

Dr. Boyer. We are supportive of and moving towards having a Teacher Center in every State. In 1978, we awarded a grant to Rhode Island to provide technical assistance to the 13 States not funded in 1978, in an effort to help them improve the quality of their applications. We expect that at least half of those States will come in with proposals good enough to receive funding in 1979.

Geographic distribution is not currently required in the law nor called for in the present program regulations. Further, Education Amendments of 1978 (P.L. 95-561) did amend the authorizing legislation by mandating one center in every State when appropriations exceed $50,000,000. The authorizing legislation for this program is up for reauthorization in 1980.

Mr. Natcher. You also have a request of $13 million for the Teacher Centers program. Your budget refers to operational projects and planning. Briefly describe the eligibility criteria for these two types of projects.

Dr. Boyer. The eligibility criteria for both planning and operational grants under the Teacher Centers program are essentially the same. Only local educational agencies (LEAs) and institutions of higher education (IHE) are eligible to apply for grants. However, LEAs can plan, establish and operate a center, whereas an IHE can only operate a center.

Each applicant must submit an applicant to the Commissioner through the State educational agency of the State in which the applicant is located. In addition, each application must include a designation of the area, school districts, and schools to be served; documentation that a teacher center policy board has been established and has approved the application; assurance of participation by non-public school teachers on the policy board; an abstract of the project design, and a detailed plan of operation.

In evaluating an application, the following criteria are taken into consideration--the extent of the policy board's authority to supervise the project, the center's potential for increasing the effectiveness of the teachers served, the soundness of the plan of operation, the project length, the qualifications and experience of the personnel, the adequacy of the facilities, estimated cost, the Center's potential impact on improving the overall program of inservice teacher training, appropriate representation of policy board, and the extend to which the Federal funds will support new or expanded activities.

Mr. Natcher. Who actually operate these projects? The local school district?

Dr. Boyer. By statute, a funded Teacher Center must be supervised by a policy board, the majority of which is representative of classroom in the area served by the center. The Board also includes, representatives from the local school board and the institutions of higher education located in the area. However, the Centers are operated by local educational agencies, institutions of higher education, or a combination.

Womens Educational Equity Act Funds To Local Communities

Mr. Conte. In the 1978 Education Amendments, Title 9 of this Act provided for the Women's Educational Equity; the aim of this act was to provide models for achieving sex equity in education. At $15 million this money would trigger a part of this Act that would provide for the money to flow directly to local communities in the form of incentive grants. Why have you funded this at only $10 million?

Dr. Boyer. Funds were not requested in FY 1980 to trigger that part of the Act that provides grants to operate local projects for equal educational opportunities for both sexes. The strategy for the WEEA program in FY 1980 is to continue to support demonstration, development, and dissemination activities that have a broad application and can apply to many different situations involving the general concepts associated with educational equity. Local projects will be most beneficial after greater awareness of these concepts has been stimulated through intensified national efforts.

Mr. Conte. Do you not feel that local incentive grants are a good approach to the problem?

Dr. Boyer. The actual solution to inequities for girls and women in educational agencies and institutions must of course come where the problems are -- at the local level. Grants to provide incentives to local agencies are a good approach. In order to implement such an effort, however, national leadership in the form of model programs and special materials is needed for all levels of education and in the various content areas. The WEEA Program is performing this role. When it began funding projects 2½ years ago, few such models and materials existed.

Funding Level For 1980

Mr. Conte. Did you know that the House Ed and Labor Committee recommended funding for this at $30 million?

Dr. Boyer. We have heard that there has been some discussion about a $30 million funding level for the Women's Educational Equity Act in 1980.

Educational Television Achievements

Mr. Conte. Aside from the much heralded and much deserved success of "Sesame Street," what achievement is there in producing additional, truly educational television?

Dr. Boyer. Aside from Sesame Street, which is viewed in more than 43 other countries, we have other achievements in our educational television productions.

Our ten program series MUSIC...IS, has had great success since it was first broadcast in 1978. This show is designed for upper elementary aged children and provides them with the fundamentals of music education in an informative and motivating manner. The program has been available in both audio-visual as well as broadcast formats. The classroom use of this series had an audience of 1 million last year and the broadcast audience was approximately 3 million. We anticipate that this program will be in reruns for several years. For many small school districts that do not have sufficient funds for a music program, it offers and continues to offer, a truly quality music curriculum presented by the National Symphony Orchestra.

Our first season of the parenting program FOOTSTEPS is being well received across all segments of the population. It is carried by more than 95 percent of public stations as well as by commercial stations in areas where there is no Public Broadcasting Service. The broadcast audience is estimated at eight million. It is also being used in community colleges and secondary schools, as well as by many organizations such as the PTA and church groups. This program can be recorded off-the-air and is available through rentals and sales by the National Audio Visual Center.

We are currently developing, with the National Science Foundation, a science series which anticipates filling a vacuum at the elementary level. It is scheduled for broadcast beginning January 14, 1980. The show is planned for both in-school and at-home use.

Metric Education Effectiveness

Mr. Conte. Is the project in Metric Education proving effective in teaching our youth to "think metric"?

Dr. Boyer. Charged with preparing our Nation's students to use with ease the metric system of measurement as part of the regular education program, the Metric Education program is proving effective in accomplishing its mission. Children are being taught the metric system in schools throughout the country. Our program supports a variety of activities that not only impact our Nation's schools and students directly, but also indirectly by encouraging parental and community support and involvement.

The Metric Education program supports both inservice and preservice educational personnel training; curriculum development and dissemination; development of metric media including films, slides, video tapes, handbooks; development of metric models to respond to the needs of special populations including bilingual, learners with significant learning disabilities, isolated rural, and urban learners; and development of low cost metric models for use by school districts with limited funds or by those unable to develop their own proposals. The program also encourages the use of metric-oriented textbooks in schools; sponsors national conferences to improve the knowledge and effectiveness of educational planners, administrators, representatives from LEAs, industry, and the public sector; and supports State and multi-State metric educational planning.

School Health Education

Mr. Conte. In your School Health Initiative, what will you be emphasizing aside from smoking prevention?

Dr. Boyer. The Office of Education is proposing to fund a School Health Program under the newly established Office of Comprehensive School Health, which will have responsibility for coordinating all OE health related programs and making them more responsive to the promotion of health and the prevention of disease. The School Health Program emphasizes the development of a comprehensive school health education curriculum including eleven health areas: nutrition and foods; values of exercise; weight control and obesity; immunization; mental health; medical, dental and other care; consumer health interests; environmental conditions affecting health; alcohol and drug abuse; safety and accident prevention; effects of smoking. Each project funded under this program must include the strengthening or development of a comprehensive health curriculum plus specific activities in any of the eleven areas if they are not already being provided.

Mr. Conte. What coordination is there between yourselves and the Alcohol and Drug Abuse Education Program?

Dr. Boyer. The Alcohol and Drug Abuse Education Program is the oldest legislated OE program in the health area. The Office of Education has drawn heavily on the experience of this program and its director has played a key role in developing a strategy for the agency on comprehensive health. Although maintaining its separate identity, it, like all other health programs in the New Bureau of School Improvement, will be part of the new Office of Comprehensive School Health.

Mr. Conte. Will your programs include the option for schools to offer sex education courses?

Dr. Boyer. The School Health Education Program, which is part of the HEW Comprehensive Health Initiative, will provide grants to State and local education agencies to develop and implement comprehensive programs that prepare and motivate students to promote and maintain their health and well-being and to prevent illness, disease, and injury. Sex and family life is one of several areas that can be included in the comprehensive health education program proposals submitted for funding.

Adequacy of Community Schools Budget

Mr. Conte. Is $3 million enough for any meaningful community schools program?

Dr. Boyer. The requested amount will allow the Federal government to maintain a level of commitment equal to each of the three previous years of funding under the Community Schools Act. We will continue to fund discretionary grants to State and local educational agencies and to institutions of higher education for training programs. Two important components of community education are the utilization of existing resources and the coordination of community agencies and organizations to provide community and human services. It is not the Administration's goal to totally support community education nationally, but to provide incentive funds that will encourage the development of new methods and strategies that can be continued through non-Federal resources.

Mr. Conte. Is it not so that the legislation authorizing community schools will "sunset" in 5 years? If so, don't these schools deserve more of a chance than they are getting in the present budget, now, before they fade out of existence?

Dr. Boyer. It is our understanding that the "sunset" provisions of the Community Schools and Comprehensive Community Education Act presumed a large infusion of funds to set models in place and to create a strong State organization with leadership capability in all States to carry on after "sunset" of the legislation. Given a more modest pace of growth, the legislation is likely to be modified and extended before it expires in 1983.

School Health

Mr. Roybal. Aside from reducing and eliminating smoking, what other objectives does the school health program have in FY 1980?

Dr. Boyer. Projects funded under the School Health Education Program in FY 1980 will be comprehensive. The program's major objectives are to encourage State and local education agencies to develop or strengthen plans to promote comprehensive school health education as a component of an overall school health program and to provide education experiences that will help students promote, maintain and enhance individual, family, and community health.

Mr. Roybal. What mechanism for assessing the impact of this health program are planned for the upcoming fiscal year?

Dr. Boyer. In order to receive funding, each project must submit an evaluation plan for determining the impact of the health education program on the students' understanding, attitudes, and behavioral skills and practices, using quantifiable data insofar as possible.

Mr. Roybal. Have any monies been appropriated for such an assessment?

Dr. Boyer. Funds for evaluating the School Health program overall have not been requested. Projects funded under the program are anticipated to continue from three to five years in duration. Each will be required to have its own evaluation data. These data will be centrally collected and an overall evaluation plan developed for successive years. Since evaluation is built into each project, we do not anticipate requiring substantial monies for overall assessment in the first two to three years of the program.

Youth Employment

Mr. Roybal. How will the Youth Employment program link up with the career education programs?

Dr. Boyer. Under activities planned for the Youth Employment Program, career education is one of several OE programs that will be coordinated to achieve a better transition from school to work.

In addition, the new CETA legislation calls for coordination between the Youth Employment Training Program (YETP) and the Career Education Incentive Act. To carry out this Congressional mandate, OE's Office of Career Education is currently engaged in a major contract that involves: (a) identifying the outstanding LEA/Prime Sponsor Agreements now operating under YETP; (b) hosting a series of 15 2-day seminars where 75 exemplary committees are sharing their best practice of LEA/Prime Sponsor collaboration; and (c) conducting 10 regional conferences during the Summer of 1979 to share with LEAs and Prime Sponsors throughout the nation what is learned from these 15 2-day seminars.

Biomedical Sciences

Mr. Roybal. What efforts will be undertaken by the biomedical sciences program to recruit students from disadvantaged bilingual/bicultural backgrounds?

Dr. Boyer. As part of the general effort to recruit disadvantaged students for the Biomedical Sciences program, the Office of Education will provide information to institutions of higher education in areas where a shortage of health professionals exists. It will be the responsibility of those institutions to publicize the program and to work with school systems to identify and encourage talented, disadvantaged students to participate in the program.

National Diffusion Network

Mr. Roybal. Would you provide more details on what adoptions were undertaken in bilingual migrant programs in the National Difffusion Network projects?

Dr. Boyer. Six bilingual-migrant programs were funded as Developer-Demonstrator Projects by the National Diffusion Network in school year 1978-1979. These projects are located one each in Maine, Illinois, Florida, New York and two in in Washington state. In addition, there are six additional bilingual migrant programs that have passed the Joint Dissemination Review Panel but which are not yet receiving NDN funds. As of April 1, 1979, the six NDN-Supported Developer-Demonstrators reported 94 adoptions. These are located in the following States.

ADOPTION OF NDN-SUPPORTED BILINGUAL-MIGRANT PROJECTS
(By State)

Arizona	2
California	5
Idaho	23
Illinois	17
Indiana	9
Michigan	2
Minnesota	3
Missouri	3
New Jersey	1
New York	2
Ohio	17
Texas	3
Washington	4
Wisconsin	3
TOTAL	94

Cities in Schools

Mr. Roybal. The Cities in Schools program sounds like a very exciting concept. That is, to utilize the school as the focal point of social service delivery in the inner city for students and their families. How many grant applications did you receive for this program?

Dr. Boyer. Being a new, innovative program, the 1979 awards were in the form of sole-source contracts. We are now studying the possibility of utilizing competitive awards to any additional cities funded in 1980.

Mr. Roybal. Have we had any studies done on the impact of this program in the projects that have already been started?

Dr. Boyer. The American Institute of Research has a three-year contract for evaluation of the program. The first impact results are due September 1979, with the final report due August 1980.

National Diffusion Network

Mr. O'Brien. Last year the Appropriations Committee clearly demonstrated its support for this program by increasing the appropriations from $10 million to $14 million. As you may know, Lucille Werner in Peotone, Illinois has an outstanding program for the early prevention of school failure so we are familiar with the good work of this program. Furthermore, this committee understood that this was a truly cost-effective program which can easily show success in the adopted programs. Why have you clearly ignored the intent of Congress in this program?

Dr. Boyer. The Administration's budget proposal for fiscal year 1980 represents continued support for the National Diffusion program at the same level of funding requested in fiscal year 1979. The Administration believes that rapid growth in the program from $10 million in fiscal year 1978 to $14 million in fiscal year 1979, $4 million more than was requested, suggests that continued expansion of the program is not appropriate at this time. The Administration's policy in this program consistently has been to level fund at $10 million.

In addition, the higher appropriation level is inconsistent with the Administration's budget policy for fiscal year 1980 which emphasizes control of Federal spending.

Mr. O'Brien. What impact will this $4,000,000 decrease have on ongoing programs?

Dr. Boyer. We plan to reduce the number of funded Developer-Demonstrator Projects by 35, from 130 to 95. Also, the level of funding for State Facilitator Projects will be reduced by about 30 percent although each State will continue to have a National Diffusion Network-supported State Facilitator.

Mr. O'Brien. How can you justify not keeping it at at least last year's level?

Dr. Boyer. The Administration believes that the appropriation for this program can be maintained at $10 million without impairing the effectiveness of the program. The number of Developer-Demonstrators will remain at nearly 100, as it was in fiscal year 1978. The number of State Facilitators will also remain unchanged with one in each State, plus the District of Columbia, Puerto Rico and the Virgin Islands. The reduction from the $14 million level in fiscal year 1979 to $10 million in fiscal year 1980 will affect only the range of services offered.

Gifted and Talented Program

Mr. O'Brien. Last year you said that the role of educating gifted and talented children was being overlooked in the schools. Do you feel differently this year about the Gifted and Talented program?

Dr. Boyer. I believe that we are making progress in this area. I have been personally involved and strongly supportive of this program. I have established an Office of Education Interagency Task Force on Gifted and Talented which has as its primary thrust, the identification of efforts that can be jointly accomplished by units within the Office of Education, and through such cooperative planning. Gifted and Talented children were made a priority by the Office of Indian Education; teacher exhange programs were carried out by the Office of International Education; and several pilot projects were established in the areas of visual and performing arts for minorities and disadvantaged gifted and talented youngsters.

Mr. O'Brien. In a program as small as this which had been kept at level funding for years, should the gifted and talented be made to suffer for an austere budget?

Dr. Boyer. We see the program emerging slowly and deliberately, rather than as suffering from an austere budget. The strategy of the Office of Gifted and Talented has been to maximize the use of funds through working with the State educational agencies in assisting them in developing comprehensive plans for identifying the gifted and talented children and providing services to these youngsters. We have grown from ten full-time State consultants in 1976, the first year of funding to over 47 in 1978. As a direct result of our funding the States, we have observed increased use of State funds and growth in the number of gifted children served from four percent in 1976 to over 12 percent in 1978.

Mr. O'Brien. Could 10 million dollars be effectively spent for this program in fiscal year 1980?

Dr. Boyer. Previous experience in funding State and local projects has demonstrated a high rate of return in terms of State and local support after a small amount of initial Federal funding. Eighty-eight percent of LEAs funded in fiscal year 1977 have been continued with local funding. In view of this fact, and also in view of overall budget constraints, the request for this program is the same as the 1979 appropriation.

In order to assure that the momentum for planning, developing, and operating programs for gifted and talented children is enhanced at the State level, most of the activities in this program are undertaken either directly by State education agencies (SEAs) or are carried out by local educational agencies with SEA coordination. The Office of Gifted and Talented feels that through the use of local innovation to stimulate use of local and State efforts for the gifted, coupled with a strong teacher training effort, we are on the way to meeting our national goal of providing services for every gifted and talented child.

Metric Education

Mr. O'Brien. The U.S. Metric Board and your program for Metric education both have responsibility for educational activities. Are we duplicating our efforts in this program? Could the Metric Board carry on the activities which you are responsible for?

Dr. Boyer. Our Metric Education program provides grants and contracts to encourage educational agencies and institutions to support programs that prepare students to use the metric system of measurement with ease as part of the regular education program. Our mission is to teach learners to effectively use the system through the implementation of structured metric educational experiences which are designed to meet the specific needs of the various learner populations.

The U.S. Metric Board serves as a focal point for voluntary conversion to the metric system and assists various sectors when and if they choose to convert. educational activities focus on raising the level of metric awareness, primarily among consumers. The Metric Board does not award contracts or grants.

The Metric Education program and the U.S. Metric Board's efforts are not duplicative, but are, in fact, complementary and mutually supportive.

OE Role in the HEW Adolescent Pregnancy Program

Mr. Michel. The Administration has proposed a new adolescent pregnancy program under the Assistant Secretary for Health. Will the Office of Education be involved in this program in any way?

Dr. Boyer. Yes, the Office of Education has already been involved in the program and the Office expects to continue these activities.

Mr. Michel. Have you been consulted with as yet about this program?

Dr. Boyer. There has been considerable agency activity in the adolescent pregnancy program for the past several years. OE staff, as a normal outgrowth of their long-standing interest and expertise in parenting and family life, have worked closely with staff in the Administration for Children, Youth, and Families and the Office of the Assistant Secretary for Health, as well as voluntary youth organizations, to provide regional office institutes, State leadership conferences, advanced seminars, and professional seminars in the area of teenage pregnancy.

OE expects to continue these activities and to work closely with the Office of Adolescent Pregnancy Programs in the Office of the Assistant Secretary for Health as it develops the new teenage pregnancy program.

Mr. Michel. Is the Office undertaking any effort to promote discussion and information in the school about problems relating to teenage pregnancy?

Dr. Boyer. During the past year, the Bureau of Elementary and Secondary Education conducted special conferences, institutes and workshops on adolescent pregnancy and teenage parenting. It is planned that such efforts will continue under the new Office for Comprehensive School Health.

The School Health Education Program

Mr. Michel. You are proposing to launch a new program entitled School Health. How does this differ from the Health Education programs under the Center for Disease Control and the Assistant Secretary for Health?

Dr. Boyer. In developing the School Health Education Program, we have worked closely with both the Bureau of Health Education in the Center for Disease Control (CDC) and with the Office of Health Information and Health Promotion in the Office of the Assistant Secretary for Health. Their mandates, however, are very much broader than that of the School Health Education Program which we are seeking to initiate and include education of the general public and of health professionals. Although CDC has developed a school health curriculum which has been adopted by many schools, we feel that a number of models and approaches are necessary to meet the various needs of a wide variety of school communities, and that one health curriculum alone is not sufficient. Also, CDC has not worked with State education agencies to build capacity and leadership at that level, a major goal of the School Health Program. We are looking to the School Health Education Program, which will be carried out in the school environment using school personnel and students, to develop truly comprehensive programs that not only provide information and understanding but motivate young people to adopt behaviors that will promote physical, mental and social well-being.

Anti-Smoking Initiative

Mr. Michel. It appears that this School Health Program is going to focus mainly on smoking. Is that correct?

Dr. Boyer. The purpose of the School Health Program is to develop or strengthen comprehensive programs of school health education. They include learning experiences in 11 health areas of which smoking is one. Each project funded under this Program will include learning experience in any one of those areas if they are not already provided but they must include experiences in the effects of smoking.

Pregnancy Prevention

Mr. Michel. Will it get into the area of pregnancy prevention at all?

Dr. Boyer. Projects funded under the School Health Education Program may be involved in pregnancy prevention as one of several health concerns. Up to now OE has not funded programs in pregnancy prevention but has provided leadership and short term personnel training in parenting and family life education through special conferences and workshops, advanced seminars, and professional seminars in programs of a wide variety of national and regional organizations.

Youth Employment

Mr. Michel. What is this new Youth Employment program intended to do?

Dr. Boyer. The Youth Employment program will permit the Office of Education to work with State and local education agencies to create linkages between education and the world of work. Neither the Department of Labor, through its youth programs, nor the Office of Education through its other programs can provide funds directly to SEAs and LEAs to help train personnel to bridge the gap between education and work programs.

Biomedical Sciences

Mr. Michel. You also have a new program called Biomedical Sciences? Why do we need this one?

Dr. Boyer. The Biomedical Sciences program is designed to achieve two major goals. First, it will increase the number of disadvanataged students who prepare for careers in the biomedical sciences. Second, it will reduce the shortage of health professionals in presently underserved areas. These goals will be accomplished by identifying talented, disadvanataged students at the ninth grade level and providing them with academic and enrichment experiences that will prepare them to take college and graduate level courses in the biomedical sciences.

Studies financed by the Department of Health, Education, and Welfare showed that "individuals most likely to be interested in primary care and/or shortage area careers tend to be women, minority group members, from small towns or rural areas, and from lower-income family backgrounds." (DHEW Publication No. (HRA) 77-21) Medical school enrollment data for 1975-76, however, show that these groups tend to be underrepresented; Blacks and Hispanics, for example, constitute only 10 percent of the total number of students.

Since 1972, the Administration has been working to increase the number of disadvantaged students enrolling in and completing degree programs in the biomedical sciences through the Health Careers Opportunity Program (HCOP), which provides services to students at the college and graduate level. The Biomedical Sciences Program, on the other hand, is designed to complement the HCOP program by a strategy of early (high school) intervention aimed at motivating and educating talented, disadvantaged students.

Career Education

Mr. Michel. Since we have now started funding for the new Career Education Incentive Act, will there be any change in your budget recommendations that no funding be provided for this program?

Dr. Boyer. Congress has denied the Administration's proposal to continue funding the Career Education Demonstration Program in fiscal year 1979 in favor of initiating funding of the Career Education Incentive Act at $20 million. Because of this action, the Administration is presently reconsidering its 1980 budget proposal to fund demonstrations at the $10,135,000 level.

Special Projects Activities

Mr. Michel. According to my count, there are 17 separate categorical programs under this account, most of a relatively low priority. Is it really worth all the paperwork and red tape to fund all these small individual programs?

Dr. Boyer. The Special Projects and Training account encompasses a variety of programs, small in terms of budget request, but large in terms of potential impact. The account and its programs are unique in that they provide a unique vehicle for educational leadership. It is through the activities in this account that the Office of Education has the opportunity to address special needs or problems, to focus on national priorities, and to experiment with new educational and administrative practices and techniques. In recognition of the need both for better visibility for these programs, which have been scattered in different bureaus or offices throughout the agency, as well as for improved coordination, I recently announced the creation of the new Bureau for School Improvement which will cluster together 23 discretionary programs. Each program will continue to operate under its own authority, but will share certain services such as application and grant processing, panel review, and evaluation. We expect that the new Bureau structure will improve the efficiency and effectiveness of these programs, and therefore enhance their potential for national impact.

Sesame Street

Mr. Michel. How much of your budget is going to the Sesame Street program?

Dr. Boyer. In 1980, we are requesting $2 million for Sesame Street, or 33 percent of our budget. This is a reduction from the 1979 level of $2.5 million for Sesame Street, which was 41 percent of the appropriation for Educational Television Programming.

Mr. Michel. It is my understanding that this program costs $7.6 million to produce, but brings in $7.2 million through the sale of Sesame Street products and $2.2 million in program fees. Is this correct?

Dr. Boyer. Information provided to us by the Children's Television Workshop indicates that in 1980, Sesame Street production will cost $7,387,000, while the contribution of the Public Broadcasting Service will be $2,432,000 and the projected revenues from all CTW series will come to $5,743,000. CTW also anticipates spending $990,000 on their community outreach program, and $50,000 for reruns of the Electric Company.

Mr. Michel. Why do we continue federal funding if this program is basically self sustaining?

Dr. Boyer. According to the information CTW has provided the Office of Education, their revenues do not cover their costs. However, as its activities have diversified and its revenues have increased, Children's Television Workshop has been assuming a greater share of the costs. At the same time, the Office of Education also has been reducing its contributions.

Mr. Michel. Isn't the Educational Television Program under your auspices basically intended as a demonstration program?

Dr. Boyer. The Educational Television Program is intended to provide funds to encourage the creation of educational television programming that would play a significant role in helping children, youths, and adults to learn. This program supports not only the development of such series, but also their production, evaluation, and dissemination in order for them to have a national impact. Sesame Street has been one of the most successful efforts in the use of television to educate our Nation's children.

Federal Support of Sesame Street

Mr. Michel. For how many years has Sesame Street received Federal funding?

Dr. Boyer. The Children's Television Workshop first received Federal support for Sesame Street in 1968. Including fiscal year 1979, the series has been funded for 12 years.

Mr. Michel. How long do you expect it to continue to receive Federal funding?

Dr. Boyer. Discussions regarding both the nature and length of future support for Sesame Street are currently underway.

Salaries at Children's Television Workshop

Mr. Michel. I understand that salaries at Children's Television Workshop, which produces the program, range up to $80,000 a year. Is that correct?

Dr. Boyer. Yes, salaries and bonuses of some of the key staff have been in the range of up to $80,000 a year. As a private industry, the salaries at Children's Television Workshop are, in fact, reflective of that industry. We are dealing in a highly competitive marketplace that places high premiums on creative talent and skilled professionals. Since Children's Television Workshop is not totally dependent on funding by the U.S. government, the Office of Education cannot dictate their salaries.

Program Audits

Mr. Michel. How often do you audit this program?

Dr. Boyer. In general, we try to audit programs every three to five years. With regard to this program, we will have completed this Spring a very extensive audit for years 1974 through 1978.

Mr. Michel. I understand that several abuses found by an HEW audit five years ago are still uncorrected. Is that correct?

Dr. Boyer. The Department of Health, Education, and Welfare audit of Children's Television Workshop (CTW), to which you refer, covered years prior to 1974. The exceptions raised in that audit have been resolved. CTW has paid to the government $92,764 for FICA taxes and $142,767 for deferred rent. These monies, totalling $235,561, have been received by the government and accepted in the general revenue.

Mr. Michel. Would you provide for the record the most recent audit report of this program?

Dr. Boyer. We will be happy to provide that report to the Committee as soon as it becomes available.

Cities in Schools

Mr. Michel. What is this new Cities in Schools program?

Dr. Boyer. The Cities in Schools program integrates social services for inner city youths with the school as the focal point for service delivery. By solving the personal problems of the student and/or his family, that student becomes better adjusted and can more easily be motivated toward self-improvement and basic skills development.

Push for Excellence

Mr. Michel. In the Push for Excellence program, you say that funds will be allocated for projects in six locations. Will they all be operated by the Reverend Jesse Jackson?

Dr. Boyer. All funds are awarded to PUSH for Excellence, Inc., which is headed by the Reverend Jesse Jackson.

Mr. Michel. The funds will apparently go to the school districts. How will they parcel out the monies?

Dr. Boyer. The funds never actually reach the school districts or the local schools. All funds are utilized by PUSH for Excellence, Inc., for operation of its headquarters in Chicago and support for its regional offices located in those cities which have Push projects.

Mr. Michel. What specifically would the funds be used for? Salaries?

Dr. Boyer. Yes, the funds are used for salaries and expenses of PUSH for Excellence, Inc., which provides administrative and support services to local projects.

Mr. Michel. Can you provide a budget breakdown for each project?

Dr. Boyer. All projects will have a similar funding pattern, with the Federal funds representing less than 50 percent of each project's funds. Funds from the private sector are heavily relied on, including individual contributions. As an example of the use of Federal funds for a project, the 1979 budget for the Chicago project includes the following:

Personnel: Director, $26,000; assistance director, $18,000; administrative assistant, $15,000; parenting director, $25,000; fringe benefits at 22 percent, $18,480.

Contract Services: Consultant services, $3,000.

Operating Expenses: Information and dissemination services, $10,000; miscellaneous school needs, $18,000.

Additional expenses of the Chicago project come from private funds.

Mr. Michel. What specific types of activities will be undertaken?

Dr. Boyer. Activities which are designed to stimulate excellence in education and to instill personal responsibility vary according to the needs of the students and the community. Many of the activities rely on community involvement, such as Adopt-a-School in which a community business or church selects a school and supplements the school program to provide employment and/or other incentives to students; another is the PUSH for Excellence Library in which the public library develops a resource center for teacher and student use, or the Labor Program which introduces students to the world of work by in-class instruction and cooperative training in conjunction with local business and industry. Other projects deal specifically with excellence in academics; for example, the Academic Olympics which is a single- or multi-school competition in vocational training, creative writing, spelling, fine arts, mathematics, music, and science. Other projects deal with making young people knowledgeable and respectful of their bodies and aware of physical as well as mental excellence. Other projects deal with problems of absenteeism, vandalism, suspension and other behavioral problems. Projects for parents are involved across the board with special emphasis on report card pick up, alumni programs, and after school hours tutoring.

Mr. Michel. I understand an evaluation of the program will be undertaken this year. When do you expect it to be completed?

Dr. Boyer. The first of several reports on the three-year evaluation of Push for Excellence will be completed in February 1980 and the final report is due in October 1982.

Teacher Corps Evaluation

Mr. Michel. Have you undertaken any recent evaluation of the Teacher Corps program?

Dr. Boyer. The Office of Evaluation and Dissemination awarded a contract in the Fall of 1978 to Stanford Research Institute for the first three years of a five-year study. This is a policy-oriented study looking at the problems, difficulties, and degree of success in the field implementation of Teacher Corps rules and regulations. The study will address the key issue of teacher training and school improvement practices in schools attended by children from low-income communities. Interim reports are due each year. The first preliminary findings are due in August of 1979. The final report is expected in 1983.

Mr. Michel. Can you cite any specific evidence that this program has improved the education of disadvantaged children?

Dr. Boyer. The ongoing evaluation of the Teacher Corps program is only recently underway and results are not yet available. However, earlier evaluations have shown that the program has strengthened the educational opportunities for children from low-income families. Previous studies cite improved reading achievement and mathematics as specific evidence. Moreover, recent reports from specific projects indicate student improvement in reading and mathematics as reflected in higher scores on standardized achievement tests. Projects also have experienced more positive student attitudes toward learning, improved school attendance, and fewer disciplinary problems.

[The justification submitted by the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Special Projects and Training

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Appropriation Estimate

Special Projects and Training

For carrying out [the Special Projects Act (Public Law 93-380)], the General Education Provisions Act, to the extent not otherwise provided, *title III, part A, part B, part C, part E ($3,136,000), part F, part I, and part L; title VIII, sections 809, 810, 812, and title IX, part C of the Elementary and Secondary Education Act, as amended;*1/ title V, part A and section 532 of the Higher Education Act of 1965, [and the Career Education Incentive Act (Public Law 95-207) $134,472,000 of which not to exceed $1,840,000 shall be for carrying out section 403 of the Special Projects Act]:2/ *$117,628,000.*

Explanation of Language Changes

1/ The first substitution provides appropriate legal citations to reflect the amended law, P.L. 95-561 and to cite activities for which funds are being requested.

2/ Elimination of the last clause removes citation for the Career Education Incentive Act because funding for the Career Education Incentive program is not being requested. The earmarking for the Metric Education program is eliminated because the authorization for this program is included in the above citation, i.e., Part B.

Language provision	Explanation
...title III, part A,... part E ($3,135,000)...	Basic law authorizes that part D - Preschool partnership programs, part I - Dissemination of information, and part M - Population education, be funded at ten percent, five percent, and ten percent, respectively, of amounts appropriated for part A, Section 303 - Commissioner's discretionary projects. In addition, part E, Section 336, requires that not less than $5,000,000 be funded for Consumers' education from Section 303 - Commissioner's discretionary projects. The proposed language will provide that funds be made available only for part A - Commissioner's discretionary projects, and that only $3,135,000 be available for part E - Consumers' education.
...and section 532...	Section 531 of Part V-B of the Higher Education Act requires that not less than ten percent shall be available for each of the programs authorized by Sections 532 and 533. This language is necessary to cite only that Section for which funds are requested, Section 532 - Teacher Centers.

Amounts Available for Obligation

	1979	1980
Appropriation	$134,472,000	$117,628,000
Proposed supplemental	+ 1,000,000	---
Proposed rescission	- 22,365,000	---
Total obligations	$113,107,000	$117,628,000

Summary of Changes

1979 Estimated budget authority	$113,107,000
1980 Estimated budget authority	117,628,000
Net change	+ 4,521,000

	1979 Base	Change from Base
Increases:		
Program:		
1. Special projects		
(a) School health--increase to initiate new program to improve health quality of children in K-12	$ ---	+$2,000,000
(b) Youth employment--increase to initiate new program to create linkages between education and work for youths	---	+ 2,000,000
(c) Biomedical sciences--increase to initiate new program to encourage disadvantaged youths to pursue careers in the biomedical sciences	---	+ 3,000,000
(d) Cities in schools--increase to begin projects in two cities and assume funding of District of Columbia project	2,185,500	+ 664,500
(e) Women's educational equity--increase of 10 awards to expand demonstrations and installations	9,000,000	+ 1,000,000
2. Educational personnel training		
(a) Teacher centers--increase to fund 16 new planning grants	12,625,000	+ 375,000
Total increases		+ 9,039,500

	1979 Base	Change from Base
Decreases:		
Program:		
1. Special projects		
(a) Consumers' education--decrease because of priority considerations and the fact that similar programs are supported by other Federal agencies; would result in five fewer projects......................	$ 3,601,000	-$ 466,000
(b) National diffusion program--decrease would reduce number of developer-demonstrators by 35, and State facilitators by two......	14,000,000	-4,000,000
(c) Community schools--decrease would reduce number of grants to local education agencies by 11...........	3,190,500	- 52,500
Total decreases...........		-4,518,500
Net change............		+4,521,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Special projects:			
a. School health..................	$ ---	$ 2,000,000	+$2,000,000
b. Youth employment..............	---	2,000,000	+ 2,000,000
c. Biomedical sciences...........	---	3,000,000	+ 3,000,000
d. Arts in education.............	3,000,000	3,000,000	---
e. Metric education..............	1,840,000	1,840,000	---
f. Consumers' education..........	3,601,000	3,135,000	- 466,000
g. Gifted and talented...........	3,780,000	3,780,000	---
h. National diffusion program....	14,000,000	10,000,000	- 4,000,000
i. Educational television program	6,000,000	6,000,000	---
j. Cities in schools.............	2,185,500	2,850,000	+ 664,500
k. Push for excellence...........	1,000,000 1/	1,000,000	---
l. Career education..............	10,135,000 2/	10,135,000	---
2. Women's educational equity........	9,000,000	10,000,000	+ 1,000,000
3. Community schools.................	3,190,500	3,138,000	- 52,500
4. Educational personnel training:			
a. Teacher corps..................	37,500,000	37,500,000	---
b. Teacher centers...............	12,625,000	13,000,000	+ 375,000
5. Planning and evaluation...........	5,250,000	5,250,000	---
Total budget authority.......	113,107,000	117,628,000	+ 4,521,000

1/ Reflects a proposed 1979 supplemental appropriation of $1,000,000 for Push for Excellence.

2/ Reflects a proposed 1979 rescission of $22,365,000 for Career Education Incentives and a requested redirection of $10,135,000 from Career Education Incentives to Career Education, authorized by the Special Projects Act, P.L. 93-380.

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Travel and transportation of persons	$ 80,000	$ 80,000	$ ---
Printing and reproduction.............	17,000	17,000	---
Other services........................	45,203,000	47,012,000	+ 1,809,000
Supplies..............................	2,000	2,000	---
Grants, subsidies, and contributions..	67,805,000	70,517,000	+ 2,712,000
Total budget authority by object..........................	113,107,000	117,628,000	+ 4,521,000

Significant Items in House and Senate Appropriations Committees Reports

Item	Action taken or to be taken
1979 House Report	
Educational television programming	
1. The Committee indicated its expectation that all projects--including existing ones--will be awarded on a competitive basis.	1. All new projects are awarded on a competitive basis; continuation of noncompeting projects is contingent upon satisfactory performance and availability of funds. It is not possible to fund "Sesame Street" competitively since Children's Television Workshop owns the copyright to the program, including the name, music, and most characters.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Special Projects and Training:				
1. Special projects: (ESEA, as amended by the Education Amendments of 1978, Title III) [1]				
Specific Authorizations				
a. School health, (ESEA III - I)..........	$ NA	$ ---	$ 10,000,000	$ 2,000,000
b. Youth employment (ESEA III - F)..........	NA	---	7,500,000	2,000,000
c. Biomedical sciences (ESEA III - L)..........	NA	---	40,000,000	3,000,000
d. Arts in education (ESEA III - C)..........	2,750,000[2]	3,000,000[3]	20,000,000	3,000,000
e. Metric education (ESEA III - B)..........	10,000,000	1,840,000	20,000,000	1,840,000
f. Consumers' education (ESEA III - E)..........	15,000,000	3,601,000[3]	5,000,000[4]	3,135,000
Commissioner's Discretionary Programs				
g. Gifted and talented (ESEA III - A, Section 303(d)(1))..............	12,250,000	3,780,000[3]	Indefinite	3,780,000
h. National diffusion program (ESEA III - A, Section 303(d)(1))..... [5]	[3]	14,000,000	Indefinite	10,000,000
i. Educational television programming (ESEA III-A, Section 303(d)(1)).....	[3]	6,000,000	Indefinite	6,000,000
j. Cities in schools (ESEA III - A, Section 303(d)(1))..............	[3]	2,185,500	Indefinite	2,850,000
k. Push for excellence (ESEA III - A, Section 303(d)(1))..............	[3]	1,000,000[6]	Indefinite	1,000,000
l. Career education (ESEA III - A, Section 303(d)(1))..............	15,000,000	10,135,000[3][6]	Indefinite	10,135,000
2. Women's educational equity (ESEA IX - C)..............	30,000,000	9,000,000[3]	80,000,000	10,000,000
3. Community schools (ESEA VIII, Sections 809, 810,812)....................	17,000,000	3,190,500	42,000,000	3,138,000
4. Educational personnel training:				
a. Teacher corps (Higher Education Act, Title V-A)....................	100,000,000	37,500,000	100,000,000[7]	37,500,000

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
b. Teacher centers (Higher Education Act, Title V-B, Section 532).......	100,000,000 8/	12,625,000	100,000,000 7/8/	13,000,000
5. Planning and Evaluation (General Education Provisions Act, Section 416).....	25,000,000	5,250,000	25,000,000	5,250,000
Unfunded authorizations:				
Preschool partnership programs (ESEA III - D)................	NA	---	9/	---
Law-related education (ESEA III - G)......................	NA	---	15,000,000	---
Correction education (ESEA III - J)......................	NA	---	5,000,000	---
Dissemination of information (ESEA III - K)................	NA	---	10/	---
Population education (ESEA III - M)......................	NA	---	9/	---
Community schools (ESEA VIII, Sections 804, 811, 813, 814)..	NA	---	58,000,000	---
Training for higher education personnel (Higher Education Act, Section 533)..................	100,000,000 8/	---	100,000,000 7/8/	---
Career education incentive Act...........................	65,000,000	11/	115,000,000	---
Gifted and talented children (ESEA IX, Part A).............	25,000,000	---	30,000,000	---
Special grants for safe schools (ESEA IX, Part D).....	NA	---	15,000,000	---
Territorial teacher training assistance (Education Amendments of 1978, Title XV, Part C, Section 1525).........	2,000,000	---	2,000,000	---
Television program assistance (Education Amendments of 1978, Title XV, Part C, Section 1527)	Indefinite	---	Indefinite	---
Total BA......................		113,107,000		117,628,000
Total BA against definite authorizations.............	419,000,000	89,921,500	689,500,000	83,863,000

1/ In 1979, Special Projects activities are authorized by the Special Projects Act, Title IV, Education Amendments of 1974, P.L. 93-380.

2/ A minimum funding level of $750,000 is mandated by P.L. 93-380.

3/ Effective through fiscal year 1979, Section 402 of P.L. 93-380 authorizes $100,000,000 for Commissioner's discretionary activities or an amount not to exceed the total amount requested for Special Projects Act mandated activities. The following amounts have been requested or provided under Section 402: $7,000,000 for Career Education, $2,730,000 for Women's Educational Equity, $1,220,000 for Gifted and Talented, $466,000 for Consumers' Education, and $250,000 for Arts in Education.

4/ Not less than $5,000,000.

5/ Section 422(a) of the General Education Provisions Act is also being cited as authority for activities under the National Diffusion program; approximately $2,000,000 in fiscal year 1980.

6/ Requested in proposed supplemental included in President's budget.

7/ The Higher Education Act expires on September 30, 1979. Section 414 of the General Education Provisions Act extends the authorization for one year.

8/ $100,000,000 is combined authorizations for Sections 532 and 533.

9/ Not less than ten percent of funds appropriated for Section 303.

10/ Not less than five percent of funds appropriated for Section 303.

11/ Of the $32,500,000 appropriated for Career Education incentives in 1979, $22,365,000 is proposed for rescission and the remainder, $10,135,000, is requested for redirection to Career Education under P.L. 93-380.

12/ In 1979, the Gifted and Talented program is authorized by the Special Projects Act, Title IV, Education Amendments of 1974, P.L. 93-380. In 1980, funds are requested under ESEA, Title III, Part A, Section 303 - Commissioner's Discretionary Projects.

Special Projects and Training

Year		Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970		$ 47,752,000	$ 38,389,000	$ 47,752,000	$ 38,651,000
1971		52,410,000	50,825,000	60,475,000	50,475,000
1972		56,410,000	56,060,000	56,060,000	56,060,000
1973		55,390,000	55,455,000	55,455,000	55,455,000
1974		51,455,000	46,455,000	47,705,000	45,705,000
1975		65,835,000	64,119,000	65,258,000	63,758,000
1976		86,293,000	82,193,000	81,576,000	81,576,000
Transition Quarter		17,060,000	17,060,000	17,060,000	17,060,000
1977		92,911,000	92,911,000	92,911,000	92,911,000
1978		98,908,000	96,543,000	105,841,000	100,659,000
1979		117,411,000	133,535,000	131,911,000	134,472,000
1979	Proposed Supplemental	1,000,000			
1979	Proposed Rescission	-22,365,000			
1980		117,628,000			

Justification

Special Projects and Training

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Special projects:			
a. School health..................	$ ---	$ 2,000,000	+$2,000,000
b. Youth employment...............	---	2,000,000	+$2,000,000
c. Biomedical sciences............	---	3,000,000	+ 3,000,000
d. Arts in education..............	3,000,000	3,000,000	---
e. Metric education...............	1,840,000	1,840,000	---
f. Consumers' education...........	3,601,000	3,135,000	- 466,000
g. Gifted and talented............	3,780,000	3,780,000	---
h. National diffusion program......	14,000,000	10,000,000	- 4,000,000
i. Educational television program.	6,000,000	6,000,000	---
j. Cities in schools..............	2,185,500	2,850,000	+ 664,500
k. Push for excellence............	1,000,000	1,000,000	---
l. Career education...............	10,135,000	10,135,000	---
2. Women's educational equity.........	9,000,000	10,000,000	+ 1,000,000
3. Community schools..................	3,190,500	3,138,000	- 52,500
4. Educational personnel training:			
a. Teacher corps..................	37,500,000	37,500,000	---
b. Teacher centers................	12,625,000	13,000,000	+ 375,000
5. Planning and evaluation............	5,250,000	5,250,000	---
Total budget authority........	113,107,000	117,628,000	+ 4,521,000

General Statement

The central mission of the Office of Education is to promote equal educational opportunity for the Nation's citizens while at the same time furthering the goal of enhancing the quality of the education they receive. This is the dual purpose of most programs administered by the agency. The activities funded under this appropriation title, however, are unique in two respects. First, they are not limited to a specific educational level, like Higher and Continuing Education, or functions like Library Resources; activities funded here include those which separately impact students at various stages of the educational process. Moreover, they are eclectic, complementing efforts that are presented under other titles. Only the theme of excellence unites them.

The Federal government has played a pivotal role over the last 20 years in promoting educational quality. First through the Cooperative Research Act and then through the Special Projects Act, the Commissioner of Education has had authority to exercise leadership in this area. However, the Special Projects Act had built-in restrictions that significantly hindered the fulfillment of the law's basic goals by severely limiting the Commissioner's flexibility. While needs identified earlier were pursued and expanded, e.g., in Arts Education, few wholly new initiatives were undertaken during the life of the Act.

The Education Amendments of 1978 have transformed that situation, and this budget proposal reflects this change. First, the Amendments replaced the Special Projects Act with a new Title III of the Elementary and Secondary Education Act, entitled "Special Projects", and continues the basic purposes: 1) to experiment with new educational and administrative practices and techniques, 2) to meet special needs or problems in education, and 3) to emphasize national priorities. A new purpose, to disseminate information to the States and localities, has been added. Second, this new legislation includes more authorized programs than did the old law. Third, the Commissioner has been given greater flexibility to fulfill the purposes of the law with the provision of two discretionary authorities. The first does not restrict the amount of funds that may be requested to support activities for which there is not a specific, separate authorization. The second authority allows the Commissioner to use up to ten percent of monies appropriated for a specific Part of Title III for discretionary projects.

The budget which follows is the first prepared under the new Title. While reductions from prior year levels are evident elsewhere, an increase of 4.5 million for this account has been proposed, reflecting the Administration's priority on promoting excellence throughout the educational spectrum.

An acknowledgement of the importance of the collaborative relationship of schools and communities is a characteristic of virtually every activity within this appropriation. For activities which specifically promote the integration of community resources in the educational process, the 1980 request includes $47.4 million, that is, $37.5 million for Teacher Corps, $3 million for Arts Education, $1 million for Push for Excellence, $2.8 million for Cities in Schools, and $3.1 million for Community Schools activities of an innovative or developmental nature. Each Teacher Corps site, for example, is jointly planned, conducted, and evaluated by the participating college, LEA, and an elected council representing the community. In the Arts Education program, priority will be given to applicants who demonstrate the capability to link together existing school and community resources such as museums and artists in support of school arts programs.

Other activities in this grouping, while calling for the involvement of the community, give primary emphasis to overcoming prejudices existing in the community or the effects of prejudice that impede the attainment of quality in education. For the Women's Educational Equity program, we are seeking an additional $1 million for a total of $10 million to help overcome sex stereotyping. In addition, prejudice in the form of neglect has often characterized treatment of those that the society may view as "different." Neglect continues to be the plight of many gifted students, especially those from minority and disadvantaged groups. To help develop projects that identify and develop their unique potential, $3.8 million is being asked under the Gifted and Talented program. Further, an amount of $3 million is being proposed for the Biomedical Sciences program authorized by the Education Amendments of 1978 to stimulate and assist economically disadvantaged youth to enter careers in this field.

The pursuit of excellence in education also acknowledges that the traditional patterns of education and the places where education occurs is undergoing dramatic change. The Teacher Centers program for which $13 million is requested reflects change in that it is part of a much larger, worldwide movement for continuing education that is accessible to the working adult.

Another newly authorized activity, Youth Employment, for which $2 million is sought, will promote innovations in the structural relationship between schools and places of employment to better tap the talents of more students and help them find rewarding vocations. A companion program in this field of linking education and work, the Career Education program, is also included in the request at $10 million.

One of the greatest challenges to traditional education is television. This agency's efforts in Educational Television Programming have contributed immeasurably to improving the quality of programs, especially those directed toward children. An amount of $6 million is included in the budget to continue development of both innovative programs and the accompanying study materials which are designed to be used by the students at school.

The goal of quality in education is directly served by the agency's National Diffusion program for which $10 million is requested. Through this activity, programs in a wide array of subjects that have been developed with Office of Education funds and now show demonstrable achievements, have been replicated elsewhere in appropriate ways relevant to local practice. Since fiscal year 1974, directly because of this program, some 2,185 local education agency adoptions of "proven" programs have occurred nationwide.

The remaining programs in the account speak to the necessity of an informed citizenry. A Health Education program authorized by the Education Amendments of 1978 authorizes model development of comprehensive school health programs designed to enhance the physical and mental health of students in grades K-12. The request is for $2 million. This is part of a Department-wide strategy to promote healthful lifestyles and prevent disease which will involve the Center for Disease Control and the Office of Smoking and Health. The budget also includes $1.8 million and $3.1 million, respectively, for the Metric Education and Consumers' Education programs while the request for Planning and Evaluation is $5 million.

1. **Special Projects: a. School Health**
(Education Amendments of 1978, Elementary and Secondary Education Act, Title III, Part I)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
---	---	$10,000,000	3	$2,000,000	+$2,000,000

Purpose and method of operations

To prepare students in grades K-12 to maintain and enhance their physical and mental health, and prevent disease, illness and injury, grants are made to State and local educational agencies to establish, support and demonstrate programs of health education. This activity is newly authorized by the Education Amendments of 1978.

Grants are awarded on a competitive basis for a period of one to three years. Continuation awards for subsequent years are dependent upon performance and availability of funds. In the case of an LEA, funds may be used to support activities in all schools in the district or concentrated in one or more schools.

Legislation requires that each application contain assurances that funds received under this program will be used in a coordinated and cooperative manner with other health education related programs that the applicant is conducting and will not duplicate such other programs.

1980 budget policy

To encourage and support comprehensive school health education programs that provide students with the knowledge and motivation to maintain their health and well being, $2,000,000 is requested. A major component of each project will be activities to reduce and eliminate smoking among our Nation's youth. Two major types of activities are proposed: State leadership awards and program development awards to LEAs. This request will fund an estimated seven State projects each averaging approximately $150,000 and 14 local projects averaging about $75,000.

Grants made to State educational agencies will support development of State leadership capabilities and enable the grantee to provide technical assistance to improve and extend health education programs in the LEAs. The States will specifically help their LEAs to:

1. develop or strengthen health education curricula and instructional materials;
2. assess the adequacy of health education personnel at the local level in terms of both numbers and competencies; and
3. develop a thorough evaluation plan to determine project effectiveness.

The States will be required also to establish procedures for developing pilot or demonstration projects and for identifying and validating successful health education practices and materials.

Grants to local educational agencies will support the following activities designed to develop or strengthen comprehensive health education programs:

4. develop and demonstrate effective methods, materials, practices, organizational patterns, and administrative procedures in comprehensive school health education programs;

2. assess the health education needs of the students and community and provide educational experiences on major health concerns;

3. organize learning experiences to focus on comprehensive health education; and

4. develop a thorough evaluation plan to determine project effectiveness.

Under the stimulus of this new program, health education projects of State and local education agencies have the potential for reaching large numbers of children through: 1) expanding statewide activities to promote school health projects; 2) funding the development of such projects; and 3) identifying and validating successful, exemplary practices and instructional materials that could eventually be disseminated to other LEAs through a mechanism such as the National Diffusion Network.

This program is part of an overall HEW school health initiative designed to establish the issue of school health as a major concern for educators and to promote improvements in school health curricula, services and environments. It will give special attention to discouraging smoking among youth and will cooperate with relevant units in the Public Health Service in carrying out this initiative.

1. Special Projects: b. Youth Employment
(Education Amendments of 1978, Elementary and Secondary Education Act, Title III, Part F)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	---	$7,500,000	5	$2,000,000	+$2,000,000

Purpose and method of operations

To reduce the high rate of youth employment, to help build the capacity of State and local units to provide training and technical assistance where linkages between education and work can be made, and to develop model demonstration projects that comprehensively address the employment and dropout problem, this program provides grants and contracts. The necessity of heightening national awareness of the need to create new structural connections between education and the world of work underscores the importance of this program. Eligible grantees are State and local education agencies and public and private nonprofit agencies and organizations. This is a new program authorized under the Education Amendments of 1978.

1980 budget policy

A basic mission of education is to provide the skills necessary to increase the employability of youth as well as to impart the skills, knowledge and attitudes necessary for job renewal and occupational mobility. In addition, vocational training provides a variety of job related skills designed to improve employment prospects. At present, several factors including most notably the rapidly changing make-up of job markets, a changing and increasingly complex technology, high unemployment rates (particularly among urban disadvantaged youth) and high dropout rates among teenagers have raised questions about the interrelationship of education and work programs and the effectiveness of the transition from school to work.

The Federal response to these problems is seen in a strategy primarily involving two Cabinet level Departments and cutting across several disciplines. The Department of Health, Education, and Welfare administers programs in vocational training, career development, counseling and guidance and basic skills. The Department of Labor has been given the responsibility of administering the Comprehensive Employment and Training Act and the Youth Employment and Demonstration Projects Act. In order to coordinate with and support the Department of Labor (DOL) in implementing the Youth Employment and Demonstration Projects Act of 1977, the Department of Health, Education, and Welfare signed a Memorandum of Agreement with DOL on March 15, 1978. Under this agreement the Departments are committed to such efforts as: 1) developing individualized, comprehensive approaches to aid youth in the school-to-work transition; 2) improving work experience and other career development services; and 3) establishing closer ties between the content of education and work programs.

To eliminate the barriers between school and work and to carry out the Department of Health, Education, and Welfare's responsibilities under the interagency agreement with the Department of Labor, $2,000,000 is requested in fiscal year 1980. This level of funding will support the following activities: 1) the analysis and preparation for public dissemination of the laws, rules and regulations of all Federal activities related to youth employment including the Youth Employment and Demonstration Projects Act, the Comprehensive Employment and Training Act, Career Education, Vocational Education and the relevant work of the National Institute of Education, the Fund for the Improvement of Postsecondary Education and the National Occupational Information Coordinating Committee; 2) the conduct of regional workshops for school personnel and members of the professional education community as part of a national assistance, training and coordination effort; 3) the dissemination of information on this national effort to officials at the State and local level and people in the private sector; and 4) the building of State and local technical assistance training capacities by providing seed money to selected States to improve technical assistance and training in the linkages between education and work.

1. Special Projects: c. Biomedical Sciences
(Education Amendments of 1978, Elementary and Secondary Education Act, Title III, Part L)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
---	---	$40,000,000	3	$3,000,000	+$3,000,000

Purpose and method of operations

To reduce the shortage of health professionals in rural and urban areas of the Nation, this program provides discretionary grants and contracts to institutions of higher education to encourage and assist economically disadvantaged students enrolled in secondary schools to prepare for and enter into careers in the biomedical sciences. It further encourages participating students to return to pursue biomedical careers in their communities once they have completed training.

Projects funded under this program will provide students with the academic and health-related experiences designed to both develop the academic, cognitive and communication skills which are prerequisites to undertaking course work in the biomedical sciences at the college level and to encourage students to pursue a career in the biomedical professions. Projects will include at least 100 hours of classroom, laboratory, and fieldwork experience after school hours during the academic year and a six-week program of academic and enrichment activities during the summer.

Each project will operate for a five-year period although awards will be made for a single year's duration with subsequent awards dependent on available funds and maintenance of enrollment at 50 percent of the preceding year's enrollment, as required by law. In addition, institutions must develop procedures for evaluating student progress.

In evaluating applications, special attention will be given to those institutions: 1) located in rural areas; 2) offering opportunities not previously available; 3) located in a health personnel shortage area; and 4) assuring a diversity of geographic areas.

Students eligible for participation in a project must be from a family which had during the preceding year, an income equal to 50 percent or less of the national median income for families of comparable size and thus have limited access to higher educational opportunities in the biomedical sciences. Students from this pool must also have the potential for successfully completing college level courses in the biomedical sciences.

A grant award may not exceed an amount equal to $2,400 for each student who has participated for not less than 100 hours during the academic year and may include a maximum of $30 per month stipend for each student. This does not include special expenses incurred for the summer program, in which student participation is optional.

1980 budget policy

To fund institutions of higher education to encourage and assist secondary school students from economically disadvantaged backgrounds to prepare for careers in the biomedical sciences, $3,000,000 is requested. It is estimated that a project enrolling 100 high school students and offering a range of academic and enriching activities during the year and in the summer would cost approximately $300,000.

The level of funding sought for fiscal year 1980 would support between eight and ten projects serving a total of 800-1,000 students.

Funded institutions will provide participating students with intensive and individualized instruction, counseling and guidance, exposure to professionals in the biomedical sciences who themselves come from an economically disadvantaged background, special experiences in biomedical laboratories, hospitals, and similar environments.

This program complements activities being carried out under the Office of Education's Special Programs for the Disadvantaged, which concentrate on identifying and encouraging disadvantaged students to complete high school and to enter and succeed in postsecondary education. Furthermore, this program feeds into programs for disadvantaged students at the postsecondary level including the Health Resources Administration's Health Careers Opportunity program and the Office of Education's Graduate and Professional Opportunities program and the Health Student Loan program.

1. Special Projects: d. Arts in Education
(Education Amendments of 1978, ESEA, Title III, Part C)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
3	$3,000,000	$20,000,000	3	$3,000,000	---

Purpose and method of operations

To encourage and assist State and local educational agencies and other public and private agencies, organizations, and institutions to establish and conduct programs in which the arts are integrated into the elementary and secondary school curricula, this program awards grants and contracts. The Education Amendments of 1978 expand the scope of eligible applicants to allow public and private organizations, as well as State and local agencies, to compete for funds. All grants are generally awarded on an annual, competitive basis with continuation subject to the Commissioner's approval and availability of funds. Applications are reviewed by both Federal and non-Federal experts against established criteria. Competitive contracts may be awarded to provide technical assistance to potential applicants and grantees. In addition, one-year contracts may be awarded to the John F. Kennedy Center for the Performing Arts and the National Committee/Arts for the Handicapped.

1980 budget policy

To continue the Federal catalytic effort to stimulate the integration of arts in the educational system, $3,000,000 is requested, the same as the 1979 appropriation. In 1980, a new program strategy will be initiated designed to concentrate available funds on a few projects to attain maximum impact and change, rather than continuing to distribute small awards across the country. About $1,250,000 will be used for this purpose, supporting grants in approximately six States, at an average of $100,000 each, in five cities, at an average of $80,000 each, and in four rural communities, at an average of $60,000 each. Priority will be given to applicants who indicate capability to effectively link together existing school and community resources in support of the school arts programs. This coordination will encourage increased diverse interaction among schools and museums, universities, parent and community groups, art centers, cultural leaders, artists and others whose major focus is the arts.

To complement these projects, approximately $350,000 will support a two-part technical assistance strategy: 1) $200,000 to continue a national program of assistance to all States for statewide arts education planning and network building at an average cost of about $4,000 per State; and 2) $150,000 to begin a regional center on a pilot basis to serve as an information bank for resource people, to disseminate information about model programs, materials, and other activities related to the arts, and to provide technical assistance to link schools and communities.

Finally, $1,000,000 will be used to fund the National Committee/Arts for the Handicapped to support model sites and other projects designed to make arts available to handicapped children. $100,000 of these funds may be used to evaluate the program. In addition, $400,000 will fund the Kennedy Center to support performing arts programs for children and youth.

From the $3,000,000 appropriated in 1979 under the Special Projects Act, $750,000 will be used to award grants to 44 States and 30-40 local educational agencies to support comprehensive arts programs. In addition, $1,000,000 will fund the

National Committee/Arts for the Handicapped and $750,000 will fund the contract to the Kennedy Center. Finally, $500,000 will be used to fund approximately eight contracts to State and local educational agencies which will initiate, on a pilot basis, the strategy of providing relatively large awards to a limited number of recipients.

1. **Special Projects: e. Metric Education**
(Education Amendments of 1978, ESEA III, Part B)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
6	$1,840,000	$20,000,000	6	$1,840,000	---

Purpose and method of operations

To encourage educational agencies and institutions to develop programs of instruction that prepare students, parents, and other adults to use the metric system of measurement, this program awards contracts and grants. Activities assisted include the development and demonstration of metric education programs, educational personnel training, the development and dissemination of curricular materials, and the development of interdisciplinary plans to implement metric education at all levels of the educational system. Eligible applicants include State and local educational agencies, institutions of higher education, and public and private nonprofit organizations. Applications are reviewed by both Federal and non-Federal experts against established criteria. Awards are generally for a single year's duration. Activities complement the efforts of the U.S. Metric Conversion Board as authorized by the Metric Conversion Act of 1975 (P.L. 95-168), which serves to coordinate and facilitate the Nation's conversion efforts.

1980 budget policy

To encourage the implementation of pilot projects in metric education, $1,840,000 is requested, the same as the 1979 appropriation. $1,480,000 of this amount will support approximately 70 grants, most ranging from $5,000 to approximately $50,000, to develop programs and curricular materials and provide training. All eligible grantees compete for available funds. Based on the past year's distribution, it is estimated that there will be approximately 26 awards to local educational agencies (LEAs), 23 grants to institutions of higher education (IHEs), 15 awards to nonprofit organizations, and six grants to State educational agencies (SEAs). In addition, the remainder of the request, $360,000, will be used to fund three contracts: 1) $100,000 to provide technical assistance to grantees; 2) $85,000 to support a model mobile instructional unit to better serve the metric instructional requirements of both isolated rural and high density urban populations; and 3) $175,000 to develop a culturally unbiased standardized metric test.

Awards will be oriented, but not limited, to those projects which will most likely be continued with State and local funding after an initial year of Federal funding. Objectives continue to include the development of instructional programs for students, teacher certification requirements, programs for urban and rural communities, inmates in penal institutions, the handicapped, elderly, and the gifted and talented, with special emphasis on reaching non-institutionally affiliated learners, hard-to-reach individuals who lack access to traditional learning environments. Finally, efforts will be made to coordinate with metric education related initiatives of other agencies to increase the impact of the Federal effort.

Of the $1,840,000 appropriated in fiscal year 1979, $1,640,000 will support about 60 grants distributed as follows: approximately $574,000 to 23 LEAs, about $574,000 to 19 IHEs, approximately $328,000 to 13 nonprofit organizations, and about $164,000 to five SEAs. In addition, a total of about $200,000 will be used to fund three contracts: $100,000 to provide technical assistance to grantees, $85,000 to support a mobile lab, and $15,000 to produce training kits which can be disseminated to students, teachers, and other consumers.

1. Special Projects: f. Consumers' Education
(Education Amendments of 1978, ESEA, Title III, Part E)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
6	$3,601,000	$5,000,000[1/]	6	$3,135,000	-$466,000

[1/] Not less than $5,000,000.

Purpose and method of operations

To encourage new approaches for educating and informing consumers about their role as participants in the marketplace, this program awards competitive grants and contracts to local educational agencies, State educational agencies, institutions of higher education, and public and private nonprofit agencies. Projects have been funded for one year only; however, applicants may request multi-year funding. Applications are reviewed by both Federal and non-Federal experts against established criteria.

Funds may be used for research, demonstration and pilot projects, training, and the development and dissemination of information on curricula and other materials. Particular emphasis is on funding projects designed to strengthen the capacity of an agency to better perform its consumers' educational role. In addition, funds may also be used to test and evaluate the effectiveness of consumers' education activities and materials including those developed under other authorizations.

Projects funded must be designed to prepare consumers for participation in the marketplace, be problem- and issue-oriented, include bilingual educational activities and materials when applicable to the population to be served, and must contribute to consumers' education capacity building by producing exemplary results or products to be used that will, therefore, impact upon organizations or agencies other than the recipient. The responsibility and initiative for identifying the consumers' education problem and devising an innovative solution and appropriate methods all rest with the applicant.

1980 budget policy

To encourage the development and improvement of consumer education programs, $3,135,000 is requested, a reduction of $466,000 from the 1979 appropriation. This reduction is based primarily on priority considerations and the fact that other programs are also concerned with consumer activities. Program goals continue to emphasize leadership training, technical assistance to projects, and curriculum development efforts. In 1980, approximately 40 grants, at an average of $56,000 each, will be awarded. In addition, approximately $900,000 will fund about seven contracts to provide technical assistance, dissemination, and materials development, as well as to continue the resource network, which provides the capability for consumer educators and administrators throughout the country to learn about current materials and to share techniques.

In fiscal year 1979, continued emphasis will be upon technical assistance to community and local school organizations, leadership training, and basic curriculum development. In addition, coordination with other Federal agencies dealing with consumer issues, such as the Federal Trade Commission, the Departments of Energy and Transportation, and the Administration on Aging, will be continued. An estimated 45 grants, at an average of $62,000 each, and seven contracts for a total of $800,000, will be supported in fiscal year 1979.

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1. Special Projects: g. Gifted and Talented Program
(Education Amendments of 1978, Elementary and Secondary Education Act, Title III, Sec. 303)

1979 Estimate			1980		
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
7	$3,780,000	Indefinite[1/]	7	$3,780,000	---

[1/] In 1980 funds are requested under ESEA III, Part A, Section 303 - Commissioner's discretionary projects

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Purpose and method of operations

To promote the development of the special potentials of gifted and talented children during their elementary and secondary school years, this program awards contracts and grants to State and local educational agencies, institutions of higher education, and other public and private agencies and organizations. In order to assure that the momentum for planning, developing, and operating programs for gifted and talented children is enchanced at the State level, most of the activities in this program are either undertaken directly by State education agencies or are carried out by local agencies with SEA coordination.

Funds are distributed among five activities: 1) grants to State Departments of Education to develop State plans for comprehensive statewide services for gifted and talented children; 2) grants to local education agencies to undertake projects designed to increase their capacity to serve this population; 3) contracts with public and private agencies for model projects demonstrating exemplary educational practices for gifted and talented children; 4) grants to public and private agencies for personnel preparation activities; and 5) contracts with public and private agencies to operate an information clearinghouse.

Whenever possible, activities are funded on an annual basis in order to maintain the flexibility to structure the program according to need and appropriation levels. All contracts and grants are awarded through national competition. Each application and proposal is reviewed by a panel of government and non-government experts and is evaluated in accordance with published criteria.

1980 budget policy

To support projects which develop the capacity of governmental and educational institutions to serve the needs of gifted and talented children, $3,780,000 is requested for fiscal year 1980. Approximately 83 grants and 8 contracts will be awarded in 1980 for the following activities:

1. State education agency grants. A total of $2,000,000 will be used to provide assistance to States to develop new or refine existing State plans to serve gifted and talented children, to operate models of edcucational practices, and to conduct leadership activities at the SEA level. Approximately 38 grants will be awarded in 1980, the same number as in 1979.

2. Grants to local education agencies. Approximately $830,000 will support 40 LEA grants for the purpose of identifying and meeting educational needs of gifted and talented children. These projects include activities such as developing education plans for gifted and talented children and counseling parents about the special needs of their children.

3. Model projects. Six model projects will be supported with $360,000 in 1980. These projects will concentrate on identification of minority and disadvantaged children who are gifted and talented in the visual and performing arts, science and

mathematics and leadership. These projects will be initiated in 1979 for a three year period and will include a direct inservice training component, with approximately ten teachers participating in each model.

4. Professional preparation. In order to train teachers, administrators, supervisors and other leadership personnel who work directly with gifted and talented children, five grants will be awarded for a total of $450,000. Three university programs will be funded to assist States and institutions of higher education to train approximately 60 teachers. In addition, one internship project will assist ten professionals in direct work experiences, and one leadership training institute will enroll over 1,000 supervisors, teachers, and teacher trainers. All projects will be of one year duration.

5. Information clearinghouse. An amount of $140,000 will support the development and dissemination of information service products relating to gifted and talented children, such as video tapes, monographs, and brochures.

The level and kinds of activities supported in 1979 are the same as those described for 1980. In each year, an estimated 710,000 gifted and talented children and 140 teachers will participate in projects funded by this program.

1. Special Projects: h. National Diffusion Program
(Education Amendments of 1978, Elementary and Secondary Education Act, Title III, Part A, Section 303, and the General Education Provisions Act, Section 422(a))

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
30	$14,000,000	Indefinite	30	$10,000,000	-$4,000,000

Purpose and method of operations

To improve the quality of education nationwide, the National Diffusion Program promotes the widespread use of exemplary educational practices and products developed in the Office of Education's formula and discretionary grant programs. These practices and products have been approved for dissemination by the OE-NIE Joint Dissemination Review Panel (JDRP) on the basis of demonstrated effectiveness in improving student achievement.

Contracts, grants, or cooperative agreements are awarded on the basis of national competitions to public and private agencies, organizations, groups and individuals to conduct three interrelated types of dissemination activities: 1) to operate the National Diffusion Network (NDN) as the delivery system for exemplary educational programs; 2) to provide for training, technical assistance, and materials to facilitate the dissemination process; and 3) to provide support services to improve the manner in which effective programs are brought to potential adopting school districts (e.g., conduct searches to fill gaps and expand the scope of the National Diffusion Network, provide evaluation technical assistance to improve local project evaluation, and conduct dissemination-related studies).

Applications are ranked by a panel of Federal and non-Federal readers with expertise in the practices and procedures of dissemination. Contracts, grants, or cooperative agreements are awarded annually for project periods of about 12 months. Technical assistance and study contracts may exceed 12 months in duration.

1980 budget policy

To promote systematic dissemination and replication of exemplary instructional programs, $10,000,000 is requested in fiscal year 1980. This level of funding represents the fiscal year 1978 funding level and will support the following activities:

--$8,000,000 to operate the National Diffusion Network to support: 1) a maximum of 95 developer-demonstrators of effective programs to provide materials, training, and technical assistance to school districts and other educational institutions that want to adopt these programs; and 2) 53 dissemination agents, or facilitators, acquainted with the national pool of proven projects, who help school districts in 50 States, D.C., Puerto Rico, and the Virgin Islands to identify and acquire the best exemplary programs to meet their specific needs.

During the four year period in which it has been operating, the National Diffusion Network has accomplished 2,185 full adoptions and 2,181 partial adoptions of JDRP-approved projects. This achievement has been due in large part to the increase in Network supported developer-demonstrators (DDs) from 33 in 1974 to nearly double that number in 1978. It is anticipated that the number of DDs will increase still further to 130 with the additional funds appropriated in 1979, $14,000,000 or $4,000,000 more than requested. Because of this rapid growth, continued program expansion is not sought at the present time. Rather, the 1980 budget request represents a return to the level of funding provided in 1978. At this level, all States will continue to have States facilitators, with a reduction in the number active in each State, but the number of DDs will be reduced from 130 to 95.

--$2,000,000 to continue two field-based technical support units staffed with experts in all facets of the dissemination/diffusion process to: 1) provide personalized training and assistance to National Diffusion Network participants and produce multi-media materials, catalogs of JDRP-approved projects, filmstrips and handbooks about the NDN; and 2) support studies. These include studies to examine the relationships of the NDN to other federally-funded dissemination efforts, studies of potential policy and program improvements, and searches for exemplary projects in specialized areas of educational need not yet adequately covered by the pool of projects certified by the JDRP, such as those addressing gifted and talented students, career education, basic skills at the secondary school level, and postsecondary and adult education.

In 1979, $11,500,000 will support operations of the National Diffusion Network with awards for an estimated 185 contracts, grants, and cooperative agreements (130 developer-demonstrators and 55 facilitators in 53 States). The scope of the National Diffusion Network is expanded by adding between 30 and 35 exemplary projects to provide LEAs and postsecondary institutions with more options from which to select suitable projects. In addition, $2,500,000 will be used as follows: 1) for technical assistance to improve the quality of materials and training offered by the NDN; 2) to conduct searches to fill gaps in the NDN; 3) to improve local project evaluations; and 4) to conduct dissemination-related studies.

SUPPLEMENTAL FACT SHEET

National Diffusion Network

Fiscal Year 1978

- History of National Diffusion Network:

Fiscal Year	School Year	Appropriation	No. of Developer - Demonstrators	No. of States with Facilitators
1974	1974-75	$ 9,100,000	53	30
1975	1975-76	$ 8,400,000	66	31
1976	- No Appropriation -			
1977	1977-78	$ 7,500,000	71	47
1978	1978-79	$ 7,000,000	100	53*
Estimated 1979	1979-80	$11,500,000	130	53*
Requested 1980	1980-81	$ 8,000,000	95	53*

* includes District of Columbia, Puerto Rico and the Virgin Islands

- From the beginning of the Network in fiscal year 1974 to September 1978, 366 federally-funded local projects have submitted data for evaluation by the Joint Dissemination Review Panel (JDRP), of which 195 met JDRP standards.

- In fiscal year 1978, the Office of Education provided funds for 98 of the JDRP-approved projects to serve as developer-demonstrators (DDs) to provide materials, training, and technical assistance to school districts that want to adopt their programs. The selection of DDs for each type of project is determined in part by the total number of programs of each type in the Network and the policy of using the Network to address OE's priority concerns. NDN-funded DDs were in the following types of projects: basic skills--35, early childhood education--14, special education/gifted and talented--11, career and vocational education--4, alternative schools--8, bilingual/migrant education--6, organizational arrangements and training--7, environmental education--6, health and physical education--5, and arts and technology--2.

- In school year 1977-78, there were 2,185 full adoptions of NDN projects. These are shown in the table on the next page. To be counted as a full adoption, those parts of the project designated by the developer-demonstrator as core elements must be implemented in one or more classrooms or schools in a new school district. In the same school year, 2,181 partial adoptions were made. A partial adoption includes some parts of a project but omits one or more of the core elements.

- National Diffusion Network--type of project and number of full adoptions in school year 1978:

Type of project	No. of full Adoptions
Basic Skills	834
Early Childhood	446
Special Education/Gifted	354
Career/Vocational	41
Alternative Schools	52
Bilingual/Migrant	2
Org. Arrangements/Training	136
Environmental	182
Health/Physical Education	110
Arts/Technology	28
TOTALS	2,185

NOTE: There may be more than one adoption in an LEA.

- National Diffusion Network--number of developer-demonstrators per State and total number of developer-demonstrators in fiscal year 1978:

No. of DDs per State	Total No. DDs by State	
8	8	New Jersey
7	7	California
6	24	Florida, Illinois, Minnesota, Washington
4	12	Michigan, Missouri, Utah
3	12	Iowa, New York, Wisconsin, Texas
2	24	Alabama, Arizona, Colorado, Connecticut, Georgia, Kansas, Massachusetts, Nebraska, North Dakota, Oregon, Pennsylvania, Rhode Island
1	11	Indiana, Kentucky, Louisiana, Maine, Maryland, Montana, North Carolina, Ohio, Oklahoma, Tennessee, West Virginia
	98	

- According to information collected in school year 1977-78, all but two of the Nation's 48 largest urban school districts have adopted one or more exemplary projects. Since the establishment of the Network, there have been 551 urban adoptions of 85 different NDN projects. The most popular programs are in basic skills, school organization and teacher training, and early childhood education. Urban public schools made 62 percent of the adoptions and private schools 38 percent. An average of four schools participated in each urban LEA adoption, for a total of 2,217 schools, impacting more than 6,300 teachers and 300,000 children.

1. Special Projects: 1. Educational Television Programming (Education Amendments of 1978, Elementary and Secondary Education Act, Title III, Section 303)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$6,000,000	Indefinite	3	$6,000,000	---

Purpose and method of operations

To carry out the development, production, evaluation, dissemination and utilization of innovative educational television or radio programs designed (for broadcast and/ and/or nonbroadcast uses) to help children, youths, or adults to learn, this program awards competitive contracts. Eligible applicants include profit and nonprofit organizations, academic and nonacademic institutions, commercial and independent television producers, and public television stations. Applications must address the following: 1) estimate of need for programming; 2) estimate of educational impact; 3) applicability of subject matter to television or radio; 4) evidence of model or design success; 5) cost per potential viewer; 6) potential for self-support and 7) project scope. Applications made to the Commissioner of Education are reviewed by non-Federal experts against established criteria to determine final awards. Awards are made for a single year's duration. Continuation awards for subsequent years are subject to satisfactory performance and the availability of future appropriations.

The overall objectives of this program are to:

-- increase the quality of programs available for learning through television in both formal and informal learning environments;
-- provide for the secondary use, and distribution, of programs during and after their broadcast phase; and
-- prepare teachers and parents in the use of techniques which will help children understand the use of television for learning by relating it to the classroom and books.

1980 budget policy

To continue to expand and improve the quality of educational television and radio programming, $6,000,000, the same as the fiscal year 1979 appropriation, is requested.

Of these funds, $4,000,000 will support the continuation of three series: Sesame Street, science and environment, and a new series on health and nutrition to be initiated in 1979. Approximately $500,000 will support the final year of the 1978 effort, TV in the classroom, designed to increase the utilization and efficiency of television in the Nation's classrooms. $250,000 will be used to initiate a new radio show to complement the science series for special target populations, such as the blind and Spanish-speaking children. $250,000 is planned to increase the post-broadcast distribution of existing programs and accompanying print materials.

The remaining $1,000,000 will be used to either 1) move into the production phase of one or two of the pilots funded in prior years, depending upon results of a currently scheduled assessment of their quality and potential effectiveness and utilization, or 2) move into the pilot phase of up to three new efforts identified in 1979 as part of the effort to both evaluate existing pilots and analyze national needs for additional shows.

In 1979, $4,000,000 will be used to continue Sesame Street and the science and environment series. To initiate the new series on health and nutrition, which will complement overall DHEW efforts to improve the quality of health education in the Nation, up to $1,000,000 will be used. The remaining $1,000,000 will continue the second year of TV in the classroom, the post-broadcast distribution of Music, Alcohol, and Footsteps, and the survey of needs and analysis of television in the Nation.

1. Special Projects: j. Cities in Schools
(Elementary and Secondary Education Act, Title III, Section 303)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
1/	$2,185,500	Indefinite	1/	$2,850,000	+$664,500

1/ Staffing for this activity shown under the Immediate Office of Executive Deputy Commissioner for Educational Programs.

Purpose and method of operations

To integrate the delivery of social and educational services for inner-city students and their families, the Cities in Schools program provides contracts to cities, public agencies, and nonprofit agencies for the purpose of serving potential or actual early school leavers, students from culturally diverse backgrounds, and low achievers. The school is the focal point for service delivery.

The projects receive multiple funding from Federal and local governments and the private sector, and only projects from cities with a population greater than 100,000 are eligible. Any public or private nonprofit agency, organization, association, or institution is eligible for funding, if it:

--Can document that 50 percent of the students to be served are from families with taxable incomes that do not exceed the low-income classification of families set forth in the "Current Population Report," Bureau of the Census, U.S. Department of Commerce.

--Can document private sector investment of at least $75,000.

--Can document local public investment of at least $50,000.

--Can document interagency cooperation between at least three separate organizations, such as a local education agency, a city government, a community based organization, or a private nonprofit organization.

1980 budget policy

To encourage schools in inner cities to work cooperatively with a broad range of public and private organizations to provide a broad range of services to disadvantaged students, the 1980 budget proposes to support projects in 8 cities. Continued funding at a reduced level will be provided for the three prototype Cities in Schools projects operating since fiscal year 1978 in New York, Atlanta, and Indianapolis. Two projects initiated in fiscal year 1979 will also be continued, i.e., in Oakland and in Washington, D.C. (The latter had been funded by the Community Services Administration in 1979.) In addition, competitive contracts will be let in three new locations, with the selections being based on the merits of the proposals received.

The primary objectives of these projects are:

1. To help inner city youth become more self-sufficient by developing their basic academic skills, by improving the youths' self-image, and by preparing them for the world of work;

2. To be a catalyst for the integration of human services in local communities; and

3. To form partnerships between the three levels of government (Federal, State and local) and the public and private sectors.

In fiscal year 1979, funding is being continued for the three prototype projects in the cities of New York, Atlanta, and Indianapolis, and funding of the Oakland project is being initiated. These projects represent the cooperative efforts of the Federal government and 34 separate local and nonprofit agencies. Programs are located in 19 school sites--8 high schools, 4 alternative schools, 2 middle schools, and 5 elementary schools, serving approximately 3,200 students.

1. **Special Projects: k. Push for Excellence
(Elementary and Secondary Education Act, Title III, Section 303)**

	1979 Current Appropriation	1979 Revised Pres. Budget	1980 Authorization	1980 Budget Authority	Increase or Decrease
BA	---	$1,000,000	Indefinite	$1,000,000	---
Pos.	1/	1/		1	

1/ Staffing for 1979 is shown under the Immediate Office of Executive Deputy Commissioner for Educational Programs.

Purpose and method of operations

To bring about a change in attitude toward school and education in urban areas on the part of students, a contract is awarded to PUSH for Excellence, Inc. PUSH for Excellence, Inc., then awards grants to local education agencies to stimulate excellence in education by mobilizing all resources within a community--parents, students, educators, clergymen, business, and the media--in a coordinated effort to improve the school environment, create vocational and academic opportunities for students, motivate achievement, and instill personal responsibility.

1980 budget policy

To assist local education agencies to mobilize community resources to improve the attitude of students toward education and school, $1,000,000 is requested for 1980. This will support nine projects, each of which is intended to serve as a model for replication in other urban centers throughout the Nation.

The program's objectives include improving basic skills, improving school attendance, decreasing dropout rates, and reducing vandalism and physical assaults by students on each other and on faculty. Although not yet formally evaluated, it is believed that this program has already made a positive contribution to students, schools, and the communities. A formal evaluation of Push for Excellence will commence in 1979, conducted by the National Institute of Education.

In 1980, the initiation of new projects in three cities will be supported. Also, funds will be provided for the continuation of three expansion projects which are planned as new starts in fiscal year 1979. Those projects which are to be initiated in 1979 are in the cities of Denver, Chattanooga, and Memphis, the funds for which are included in a separate 1979 supplemental budget request. Finally, these funds will cover phase-out costs of the three prototype projects in Los Angeles, Chicago, and Kansas City. It is expected that these projects will be self-supporting after one more year of Federal funding, with Federal involvement lasting no more than four years in any one project.

In fiscal year 1979, the supplemental budget request for $1,000,000 is included under a separate cover. This amount would continue funds for the three prototype projects begun in fiscal year 1978, and it would provide support for the initiation of new projects in the three additional cities mentioned previously, i.e., Denver, Chattanooga, and Memphis.

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1. Special Projects: 1. Career Education
(Education Amendments of 1978, Elementary and Secondary Education Act, Title III, (Section 303)

1979		1979 Revised President's Budget	1980			Increase or Decrease
Pos.	Current Approp.		Authorization	Pos.	Budget Authority	
---	---	$10,135,000 1/2/	Indefinite	20	$10,135,000	---

1/ The Special Projects Act authorization for Career Education (Section 406) expired on September 30, 1978. Authorization is extended through September 30, 1979, by the General Education Provisions Act, Section 414.

Not less than 50 percent of funds available under the Special Projects Act may be for legislatively designated activities. Moreover, these activities must be funded according to a specified ratio to the total availability. The remaining 50 percent may be used at the discretion of the Commissioner.

2/ Of this amount, $3,135,000 is in accordance with the mandated funding ratio for legislatively specified programs. The balance is available from the Commissioner's discretionary authority within the Special Projects Act.

Purpose and method of operations

To assist the States and local educational agencies to carry out their obligation to provide opportunities so that by the time every child has completed secondary school he or she is prepared for gainful or maximum employment and for full participation in our society according to his or her ability, this program awards grants and contracts. Specifically, this program is designed to: 1) promote a national dialogue designed to encourage each State and local educational agency to determine and adopt the approach to career education best suited to the needs of the children served by them; and 2) provide for the demonstration of the best of the current career education programs and practices by the development and testing of exemplary programs and practices.

This is a discretionary, forward funded program. Grants, assistance contracts, and procurement contracts are awarded to State and local educational agencies, institutions of higher education, and other nonprofit agencies and organizations to support projects to demonstrate the most effective methods and techniques in career education and to develop exemplary career education models. Applications are reviewed by panels of both Federal and non-Federal experts in career education and judged according to published criteria.

1980 budget policy

To continue the strategy of demonstrating and communicating the most effective methods and procedures in career education at the elementary, secondary, and postsecondary levels, $10,135,000 is requested for fiscal year 1980 to support the following activities:

1. demonstration projects at the K-12 level to increase the number of exemplary projects and to increase the number of projects whose previous developmental efforts provide high potential for receiving approval by the Joint Dissemination Review Panel (JDRP) at the end of this demonstration period;

2. communications projects covering both the K-12 and the postsecondary education levels to disseminate sound concepts and best practices to educational institutions;

3. demonstration projects at the postsecondary level to raise the quantity and quality of career education demonstrations at this level; and

4. communications projects aimed at encouraging organizations and associations representing the broader business/labor/industry/professional/government community to engage in collaborative career education efforts with educational systems.

All demonstration projects to be funded will be required to place a major emphasis on overcoming sex bias and stereotyping. Priority consideration at the K-12 level will be given to demonstration projects focusing on the needs of special populations including the handicapped and all other children who are educationally disadvantaged.

To carry out these activities, it is anticipated that 138 contracts and grants will be awarded to State and local educational agencies, institutions of higher education and other public and private agencies.

Funds are requested for this program rather than under the Career Education Incentive Act because it is felt that at this time development of career education programs has not progressed far enough to warrant full scale implementation at State and local levels. Although progress has been made, insufficient attention has been given to developing exemplary programs for certain special populations including disadvantaged minorities, the handicapped, and persons with limited proficiency in English. There has also been inadequate development of programs designed to counteract bias and stereotyping and to promote community collaborative efforts.

For this same reason, a request to rescind funds appropriated for the Career Education Incentive Act in fiscal year 1979 in order to continue funding the Career Education program is also being made. Specifically, the Congress is being requested to rescind $22,365,000 of the funds made available for the Career Education Incentive program in fiscal year 1979 and to redirect the $10,135,000 remaining for the Career Education Incentive program for Career Education activities authorized by the Special Projects Act (P.L. 93-380).

In 1979, under the authority of the Special Projects Act, approximately 140 awards will be made to State and local education agencies, institutions of higher education and other public and private agencies. These awards will support the development of career education demonstration projects at the K-12 and postsecondary levels as well as communications projects within the education community and between community organizations and educational agencies.

E. Women's Educational Equity Act
(Elementary and Secondary Education Act, Title IX, Part C)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
7	$9,000,000	$80,000,000	7	$10,000,000	+$1,000,000

Purpose and method of operations

To promote educational equity for women and girls at all levels of education, through demonstration, development, and dissemination activities of national, statewide, or general significance, contracts are made and grants are awarded to develop educational materials and model programs or strategies that can be replicated. Grants are made after a national competition; in addition to grants for activities of national, statewide or general significance, small grants, not to exceed $25,000 each, are awarded for innovative approaches to educational equity. Applications for all awards are reviewed by panels of Federal and non-Federal experts in the area of educational equity. Funds are available to public agencies, private, nonprofit agencies, organizations and institutions, including student and community groups, and individuals. Educational levels to be addressed include preschool, elementary and secondary education, higher education, and adult education.

1980 budget policy

To expand and intensify program activities which most directly result in elimination of educational inequities, additional demonstration and installation projects are supported in 1980. New contracts for technical assistance to LEAs and SEAs will be awarded for activities directed towards the elimination of sex discrimination, including compliance with Title IX. Activities for 1980 can fall into a broad range of activities authorized under the Act, if they are demonstration, developmental, and dissemination activities of national, statewide, or general significance. Such activities include, but are not limited to:

1) the development and evaluation of curricula, textbooks, and other educational materials related to educational equity;

2) model preservice and inservice training programs for educational personnel with special emphasis on programs and activities designed to advance educational equity;

3) research and development activities designed to advance educational equity;

4) guidance and counseling activities, including the development of nondiscriminatory tests, designed to insure educational equity;

5) educational activities to increase opportunities for adult women, including continuing educational activities and programs for underemployed and unemployed women; and

6) the expansion and improvement of educational programs and activities for women in vocational education, career education, physical education, and educational administration.

Regulations for the program as authorized for 1980 will reflect program priority areas as determined by the Commissioner. In past years, the overriding concern of the grant program has been to satisfy an immediate demand by developing educational equity materials and model programs that could be adopted by large numbers of agencies, institutions, and individuals. This concern will continue to be addressed in 1979 and 1980, but demonstration and installation efforts will also be emphasized. In 1979, 91 awards are anticipated; 17 of these will be contracts and 74 will be grants. In 1980, a maximum of 109 awards are anticipated; 27 will be contracts and 82 will be grants.

3. Community Schools
(Elementary and Secondary Education Act, Title VIII, Sections 809, 810, and 812)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
7	$3,190,500	$42,000,000	7	$3,138,000	-$52,500

Purpose and method of operations

To stimulate the development of community school programs and to provide training to persons who will plan and operate community education programs, discretionary grants are awarded to State and local education agencies, to public and nonprofit agencies, and to higher education institutions for the purpose of providing educational, cultural, recreational, and other related services to all members of the community. The activities and services offered reflect the interests, needs, and concerns of each individual community. Grants are awarded on the basis of a national competition which is judged by both Federal and non-Federal experts against published criteria.

1980 budget policy

To encourage, expand, and improve community school programs, $3,138,000 is requested. This activity is part of a larger strategy to involve the community in education programs. Although the 1980 funding level is $52,500 below the 1979 level of $3,190,500, funding is available under other community involvement programs. For example, Cities in Schools and Push for Excellence coordinate education with social services already available in the cities, and the Arts in Education program links the schools with all arts resources in the community.

In 1980, discretionary grants will be awarded as follows:

1. State education agencies. Funds will be awarded to State education agencies for the purpose of strengthening their capacity to provide developmental and technical assistance to local education agencies involved in community education. States are considered to be an integral part of the strategy for strengthening community education throughout the country.

	1979	1980
Amount of funding	$1,403,820	$1,638,000
Number of awards	29	32

2. Local education agencies. Funds will be awarded to local education agencies for the purpose of establishing, expanding, or maintaining model community education programs.

	1979	1980
Amount of funding	$1,403,820	$1,000,000
Number of awards	28	20

3. Training grants. Funds are awarded to institutions of higher education for short-term training programs designed to prepare community education professionals to fill their roles.

	1979	1980
Amount of funding	$382,860	$500,000
Number of awards	6	6
Number of persons in training	2,500	3,000

4. Educational Personnel Training: a. Teacher Corps (Higher Education Act, Title V, Part A)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
40	$37,500,000	$100,000,000	35	$37,500,000	---

Purpose and method of operations

To strengthen the educational opportunities available to children in areas having high concentrations of low-income families, to encourage institutions of higher education (IHEs) to broaden their programs of teacher preparation, and to encourage local educational agencies (LEAs) and IHEs to improve programs of teacher training, this program awards contracts and grants. Awards are made jointly to both the IHE and LEA, which, with the collaboration of an elected council representing the community, jointly plan, conduct, and evaluate the project they are undertaking. Projects provide on-site intensive training for teachers, interns, teacher aides, and administrators, with emphasis on inservice training. Projects emphasize participation of all educational personnel in a "feeder system" of schools that together include all grade levels (preschool, where available, through grade 12) through which a student would normally progress. Projects demonstrate the effectiveness of new programs and practices in teacher training and retraining, particularly methods for teaching in low-income areas.

Project length extends for five years. The first year of the project is a developmental year followed by four years of operation. Grants are made annually with support for the second through fifth years dependent upon project performance and availability of funds. Federal support to projects increases in the second year, remains constant in the third, and decreases in both the fourth and fifth years. This reduction in Federal support is intended to encourage the IHE, LEA, and other participating agencies to assume increased funding responsibility in order to maintain project effects and permanently incorporate improvements.

In addition, contracts are awarded to provide a variety of support services and specialized training to project participants, including dissemination of practices and products developed in the projects, recruitment of interns, technical assistance on electing a community council, and networks to provide specialized training. Eligible applicants include IHEs, LEAs, SEAs, and profit and nonprofit organizations. Applications are reviewed by both Federal and outside experts against established criteria to determine final awards. A few contracts may be funded for more than 12 months.

1980 budget policy

To continue to improve the learning climate for children from low-income families, and to improve educational development for teachers and other educational personnel serving in low-income school areas, $37,500,000 is requested. In order to more effectively promote the permanent adoption of improvement brought about through Teacher Corps, the five-year project support strategy inaugurated in fiscal year 1978 will be continued. Activities to be carried out are:

Project grants: $33,275,000 will be used to fund 121 ongoing projects at an average of $275,000 each, 81 of which were initiated in 1978, and 40 in 1979. An amount of $1,500,000 will be available to fund ten new starts in 1980 at an average of $150,000 each. An estimated 26,200 experienced school personnel and 484 interns will be trained through these projects.

Contracts for support services: $2,625,000 will be used to fund contracts designed to: 1) recruit teacher interns; 2) provide technical assistance to projects; 3) conduct training for project personnel through regional and national workshops; and 4) document and disseminate effective Teacher Corps products and processes for adoption in other school systems.

Monitoring activities: Approximately $100,000 will be used for staff travel to monitor project activities.

During 1979, the five-year project strategy will enter its second year with the obligation of $6,000,000 for the developmental year of 40 new projects, at an average of $150,000 each, and $22,275,000 for the second year of 81 projects, at an average of $275,000 each. In addition, approximately 32 contracts amounting to $9,125,000 will be continued to provide developmental training, technical support services, and project evaluation efforts. Approximately $100,000 will be used for staff travel to monitor project activities.

4. Educational Personnel Training: b. Teacher Centers
(Higher Education Act, Title V, Part B, Section 532)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
7	$12,625,000	$100,000,000	7	$13,000,000	+$375,000

Purpose and method of operations

To establish Teacher Centers through which public and nonpublic elementary and secondary school teachers are provided the opportunity to develop for themselves training and curriculum materials which meet their professional needs and thereby enable them to better meet the special needs of their students, this program awards grants. The Centers facilitate the personnel development of participating teachers and their efforts to modify curricular materials they utilize in teaching, by providing access to research resources, the experience of other teachers and assistance from researchers and consultants.

Grants are awarded to local educational agencies (LEAs) to plan, establish, and operate, and to institutions of higher education (IHEs) to operate Teacher Centers. The law permits a set-aside of ten percent of appropriated funds to support Teacher Center projects operated by IHEs. All applications, including renewals, must be reviewed and recommended by the States to be considered for funding. In addition, ten percent of funds appropriated compensates SEAs for screening applications, providing technical assistance to projects and disseminating the results.

Each Center is supervised by a policy board, the majority of which is representative of elementary and secondary classroom teachers, including special and vocational education teachers. The policy board must approve the Center's application for funding and, in addition, supervises (within the limits of State and local law) the budget and all activities of the Center.

Applications are reviewed by both Federal and outside experts against established criteria to determine final awards. The duration of each grant for an operational Center may be up to three years, with funds for the second and third years dependent upon satisfactory project performance and availability of funds. LEAs are also eligible for planning grants which are awarded for a one-year period, with noncompetitive continuation into an operational year dependent upon performance during the planning year, availability of funds, and meeting established criteria for Teacher Centers.

The Office of Education does not predetermine in what areas the centers will specialize or undertake. However, it is expected that the Centers' activities will generally relate to national priorities, such as, focusing on special, bilingual, or Indian education where appropriate, as well as global education and other curricular areas.

1980 budget policy

To assist teachers in their personnel development and to enable them to modify curricular materials they utilize, $13,000,000 is requested to fund Teacher Centers. This is an increase of $375,000 above the 1979 appropriation. Of this request, about $11,250,000 will be used to support 90 operational projects in 50 States, in their second or third years, at an average of $125,000 each, involving an average of 714 teachers per project. No new fully operational Centers will be started in fiscal year 1980; however, an estimated five 1979 planning grants will become operational in 1980. About $450,000 will fund approximately 20 planning grants at an average of $23,000 each. The remaining $1,300,000 will compensate States for their program activities.

In fiscal year 1979, the second year of the program, about $11,188,000 will be used to support an estimated 86 operational Centers, including eight which were 1978 planning grants, in 45 States at an average cost of $130,000 each. Of these, approximately 25 will be new Centers, while 61 projects will be continuations begun in fiscal year 1978. Approximately 64,000 teachers will be served at an average of 743 per project. Further, $175,000 will support five planning grants averaging $35,000 each. The balance of the appropriation, $1,262,000, will support authorized SEA activities in behalf of these Teacher Centers.

5. Planning and Evaluation
(General Education Provisions Act, Section 416)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
48	$5,250,000	$25,000,000	45	$5,250,000	---

Purpose and method of operations

To provide objective and comprehensive information on Office of Education programs for the Congress, the President, managers of Federal programs in education, and the interested public, studies are conducted: 1) to determine the impact and effectiveness of Office of Education programs; 2) to determine ways to improve the effectiveness and efficiency of individual Federal programs; 3) to help define feasible program goals and objectives; and 4) to recommend changes in legislative authority and/or program operations.

Section 416 of the General Education Provisions Act authorizes funds for planning and evaluation of education programs by the Secretary of Health, Education, and Welfare. Funds are used both to carry out studies directed by the Congress and to support Departmental and Office of Education planning, policy development, and management. Approximately three-fourths of these funds are allocated by the Secretary to the Office of Education for studies which will be done by the Office of Education under the guidance of the Office of the Secretary. The remainder of the funds, approximately one-fourth, is used by the Office of the Secretary (Assistant Secretary for Planning and Evaluation, Inspector General, and the Office of Civil Rights) for planning, evaluation, and service delivery assessments.

Evaluation studies are normally conducted under contracts awarded through competitive procurements on the basis of detailed specifications developed by the Office of the Secretary and Office of Education staff. Contracts are generally awarded on a "one-time only" basis, usually run for more than a twelve-month period, often involve funds from more than one fiscal year, and may involve field activities during more than one fiscal year. Where feasible, funds from a single fiscal year are utilized to cover the full costs of each award.

Results are transmitted to Congress and others through "Executive Summaries" which describe the background, methodology, and findings for each study, the Annual Evaluation Report on Programs Administered by the U.S. Office of Education, and the Educational Resources Information Center (ERIC) system.

1980 budget policy

To provide for studies that focus upon a variety of broad evaluation questions, program or process issues, or program management questions, $5,250,000 is requested in fiscal year 1980. A major emphasis of awards in 1980 will be to set forth goals and specific objectives in qualitative and quantitative terms for all programs which are evaluated. The number of short-term studies intended to identify realistic and measurable objectives, and appropriate indicators of program performance (e.g., the efficiency, effectiveness, and responsiveness for selected programs) will be expanded. The aim of these short-term studies is to ultimately improve the design and performance of the evaluated programs.

The concept of using short-term studies to determine program goals and objectives was initiated on a pilot project basis in fiscal year 1979 as part of a cooperative effort between the Department of HEW and the Office of Education. Studies on programs in Vocational Education, Education for the Handicapped, and Bilingual Education were funded in 1979. This new effort will be expanded in fiscal year 1980 to include a larger number of programs and program areas in such general categories as formula-driven programs (e.g., Elementary and Secondary Education Act, Title I), large discretionary programs (above $30 million in annual funding, such as, Teacher Corps), and small discretionary programs (e.g., Gifted and Talented). In future years, the series of short-term studies directed at defining feasible goals and objectives and at improving program operations will extend to all education programs. The results of this effort will become an integral part of the Annual Evaluation Report on Programs Administered by the U.S. Office of Education.

The Office of Education will begin ten to 15 new studies in fiscal year 1980. Some of the studies will be of the short-term nature described above, including such program areas as Emergency School Aid (ESAA), Follow Through, Language Training and Area Studies (HEA Title VI), Cooperative Education, Women's Educational Equity, and Alcohol and Drug Abuse Education. Other evaluations will attempt to determine the impact of Office of Education programs upon participants, including such program areas as Adult Education (State Grant program) and Indian Education (Elementary and Secondary School Assistance Act). Still other studies will address specific program issues and management questions including tentatively planned reviews of the Educational Opportunities Centers program and the Impact Aid program.

In addition to the new studies, four studies begun by the Office of Education in fiscal year 1979 or in prior years will be continued during 1980. These studies are Higher Education Panel surveys, studies of developing institutions, a study of In-Service Training programs for Teachers of Handicapped, and an evaluation of the Program for Improvement of Educational Opportunities for Adult Indians.

The fiscal year 1980 request will also continue funding of $1,312,500 for the Department's planning and evaluation of education programs including additional service delivery assessments, evaluations, and short-term evaluations by the Inspector General, the Office of Civil Rights, and the Assistant Secretary for Planning and Evaluation. In past years, these funds have been used for major policy studies including: the Impact Aid study requested by committee chairmen and used by the Appropriations Committee in the fiscal year 1979 budget debate; study of trends in school finance; the beginning of the major school finance study mandated by Congress in the Education Amendments of 1978; the stimulation of alternative Title I legislative proposals and their cost impacts, used by both HEW and Congressional policymakers this past session; a study of multiple processing in the Basic Grant delivery system which resulted in the implementation of a processing system for Basic Educational Opportunity Grants which allows students in cooperating States to file one application for Federal and State student aid; an analysis of Basic Grants budget projections; service delivery assessments of programs for the handicapped; and a series of short-term evaluations designed to assist education policymakers and program managers in developing realistic objectives and performance indicators for which education programs will be held accountable.

During fiscal year 1980, these activities will be continued, additional policy studies and short-term evaluations will be undertaken by the Assistant Secretary for Planning and Evaluation and the Office of Civil Rights, and further service delivery assessments by the Inspector General will be supported. New studies to be undertaken include several required by the Education Amendments of 1978 (a study to develop recommendations for converting the present discretionary bilingual program to a formula program, evaluation and data gathering models in bilingual education, and a major study of issues of school finance); an anlysis of vocational education programs to develop policy alternatives for the reauthorization of the Vocational Education Act; analyses of important problem areas in higher education including Guaranteed Student Loan borrowers and defaulters, new campus-based intra-State allocation formulas, and institutional pricing policies; and an expansion of the short-term evaluation activities begun in fiscal year 1979.

In fiscal year 1979, the $3,937,500 which the Office of Education received of the total 1979 planning and evaluation appropriation of $5,250,000 (the Department received $1,312,500) will be used to fund approximately six continuation studies and 13 new studies, including those mandated in the Education Amendments of 1978. Included in these planned studies will be a comprehensive study of Evaluation Practices and Procedures and a study of the utilization and effects of Alternative Methods of Comparability.

WEDNESDAY, MARCH 28, 1979.

OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

WITNESSES

DANIEL B. DUNHAM, DEPUTY COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
CHARLES BUZZELL, ASSOCIATE COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
PAUL DELKER, DIRECTOR, DIVISION OF ADULT EDUCATION
HOWARD J. HJELM, DIRECTOR, DIVISION OF RESEARCH AND DEMONSTRATION
PETER RELIC, DEPUTY ASSISTANT SECRETARY FOR EDUCATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

INTRODUCTION OF ASSOCIATES

Mr. NATCHER. The committee will come to order.

This morning we take up the Occupational, Vocational, and Adult Education budget requests for fiscal year 1980, and we have before the committee our Deputy Commissioner, Dr. Dunham.

Dr. Dunham, who do you have with you this morning?

Dr. DUNHAM. Good morning, Mr. Chairman and members of the committee.

Starting at your extreme left and moving across the table, we have Mr. Wilford Forbush, Deputy Assistant Secretary for Budget, HEW; next to him Mr. Wolff, Deputy Assistant Secretary for Legislation, HEW; Cora Beebe, Director, Division of Planning and Budgeting in the Commissioner's Office; next to me Charles Buzzell, Associate Commissioner for Occupational and Adult Education; to his left Paul Delker, Director of the Division of Adult Education in our Bureau, and next to him Howard Hjelm, Director, Division of Research and Demonstration in the Bureau.

Mr. NATCHER. Thank you very much.

Dr. Dunham, we have had an opportunity to examine your statement and with your permission we will insert your statement in the record in its entirety at this point.

[The information follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Office of Education

Biographical Sketch

NAME	Daniel B. Dunham
POSITION	Deputy U.S. Commissioner of Education-Designee Bureau of Occupational and Adult Education U.S. Office of Education
BIRTHPLACE AND DATE	Wendell, Idaho - April 18, 1936
EDUCATION	Oregon State University, 1962, Bachelor of Science Oregon State University, 1963, Master of Science Oregon State University, 1970, Doctor of Education
EXPERIENCE	
1975-78	Assistant State Superintendent, State Director of Vocational-Technical Education, Maryland State Department of Education
1973-75	Coordinator, Special Occupational Programs and Assistant State Director of Career and Vocational Education, Oregon State Department of Education
1971-73	Coordinator, Applied Research, Oregon Board of Education
1970-71	Assistant Professor, Vocational Teacher Education, Oregon State University
1969-70	Acting Director, Oregon Research Coordinating Unit, Oregon State University
1968-70	Director, National Model Curriculum Development Project in Career Education; and Research Associate, School of Education, Oregon State University
1968-69	Instructor, School of Education, Oregon State University
1965-68	Director of Local Vocational Education Program, Lebanon, Oregon
1962-68	Instructor of Vocational Agriculture, Oregon
PRESENT MEMBERSHIPS	National Council of Local Administrators American Vocational Association National Association of Vocational Education Special Needs Personnel (National President 1974-1976)

PRESENT
MEMBERSHIPS (Con't): National Association of State Directors
of Vocational Education (1975-1978)
National Association for the Advancement
of Black Americans in Vocational Education
National Future Farmers of America
Alumni Association (Life member)

SELECTED RECOGNITIONS, PROJECTS AND ACTIVITIES:

Oregon Board of Education High School Graduation Requirements Task Force
Executive Secretary, Oregon Council of Vocational Administrators
Executive Secretary, Oregon Corrections Education Commission
Member, Inter-Agency Committee on Industrial Development and Training
Executive Secretary, Maryland Educational Coordinating Council for Correctional Institutions
National Advisory Committee on Corrections Education Curriculum Development
Chairman, State Manpower Services Council Task Force on Vocational Education
Member, Advisory Council to Mandated Study of Vocational Education, National Institute of Education (Panel of Consultants)
Member, Advisory Committee to Education Commission of the States "Lifelong Learning Project"
Advisory Member, Maryland Apprenticeship and Training Council
Chairman, Educational Coordinating Council for Correctional Institutions Master Plan Development Team
Member, Baltimore-Metro Prime Sponsor (CETA) Executive Council
Chairman, Maryland Apprenticeship and Training Council Advisory Committee on Related Instruction
Chairman, Maryland Industrial Training Coordinating Council
Co-Chairman, Joint Policy-Planning Council for Postsecondary Occupational Programs
Executive Secretary, Maryland Coordinating Council for Correctional Institutions
Consultant on Organizational Development and Group Processes, 1970-76
Associate Professor, University College, University of Maryland, 1977-78
Adjunct Professor, College of Education, Virginia Polytechnic Institute and State University, 1977-78

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by

Deputy Commissioner for Occupational and Adult Education

on

Occupational, Vocational, and Adult Education

Mr. Chairman and Members of the Committee:

I welcome this opportunity to appear before you to present the fiscal year 1980 request for Occupational, Vocational, and Adult Education. The request of $772,364,455 for this account--approximately the same as that appropriated in fiscal year 1979--includes a permanent appropriation of $7,161,445 made available under the Smith-Hughes Act. This request reflects the continuing support of the Office of Education for identifying and developing the interfaces between education and work. In this time of high youth unemployment, of unprecedented numbers of women moving into the labor force, of demographic shifts to an older population, and of rapid advancements in technology, national attention is increasingly being focused on assisting persons to obtain satisfying employment. The vocational and adult education programs supported by this request contribute to that goal by helping the States provide the education, training and remedial instruction needed for persons to successfully compete and advance within the labor market.

Vocational Education

To assist the States and local educational agencies in providing and improving vocational education to 17 million secondary, postsecondary, and adult students enrolled in initial, refresher, or upgrading vocational educational programs, $674 million is requested. Over the past ten years, Federal funding for vocational education has increased from $260 million to $682 million. State and local funds have also increased and Federal support has declined from 19 percent to 11 percent of total expenditures for vocational education.

Although State and local educational agencies provide the greater portion of vocational education funding, there are special needs areas--such as the handicapped and disadvantaged--where without the presence of Federal dollars, there would be significantly less activity. For example, States must use a total of 30 percent of the basic grant to provide services to handicapped and disadvantaged students. And because of the legislated 50/50 match, increased Federal appropriations have resulted in increased State and local funding for these special groups. Similarly, a mandated percentage of the basic State grant allotment must also be used by the States to conduct research and guidance and counseling activities--items not always accorded a high priority by State legislatures in the past.

In addition to these required set-asides, the Federal money is targeted on specific areas in other ways. First, in allocating Federal funds, States must use unemployment rates, concentration of low-income families, ability to pay, and initiation of new programs as primary factors in determining funding levels for eligible recipients. Furthermore, certain conditions must be met even before the States receive Federal funds, including the hiring of full-time sex-equity personnel, the establishment of State Occupational Information Coordinating Committees to ensure the availability of adequate supply and demand data for program development, the establishment of State Advisory Councils in Vocational

Education, and the submission of five-year and annual State plans and accountability reports. Through these requirements, Federal funds are assuring that State activities will impact on both the quality and availability of vocational education programs.

Of the funds requested for vocational education, $662 million will support six State formula programs: basic grants, program improvement and supportive services, special programs for disadvantaged, consumer and homemaking, State Advisory Councils, and State planning. In addition, $12,800,000 is requested for national programs and activities including the National and State Occupational Information Coordinating Committees, bilingual vocational training, the National Center for Research in Vocational Education, and programs of national significance. This latter activity will support three projects designed to improve vocational education in the areas of: 1) education and work, 2) urban special needs, and 3) increasing the equity and equality of vocational education programs to all persons. A little over five million dollars is also available for technical assistance grants to Indian tribal organizations for conducting vocational education programs.

Adult Education

For adult education, we are requesting $90,750,000 to assist the States in providing educational opportunities for 2,096,000 educationally disadvantaged adults. Under new legislation this program will expand the delivery system to additional providers, as well as broaden the outreach of the program. New providers will include agencies, institutions, and organizations other than just the public school systems, such as business, labor unions, libraries, institutions of higher education, public health authorities, antipoverty programs, and community organizations. This legislative expansion of the adult education delivery system will also support the Office of Education goal of providing basic skills to all people.

A study conducted in 1975 determined that 23 million adults were functionally illiterate. The adult education program is currently reaching about nine percent of the population annually, with Federal funds providing approximately 63 percent of the total cost. In the majority of the States, however, the Federal share accounts for more than 75 percent of the total expenditures.

The picture is changing, however. Over the past 12 years, Federal funds have risen from $29.2 million to the current level of $90.75 million. During this same period, State expenditures have risen at an even more rapid rate, from 25 percent of total expenditures to 37 percent. It is evident from this that Federal dollars are generating State interest in adult education. As a result of this increase in State dollars, a reduction of $10 million is being proposed for this program in fiscal year 1980, with the expectation that increased State dollars will continue to provide services to approximately the same number of persons. The expansion of the adult education delivery system under the new legislation is also expected to help maintain the number of persons being served. The impact for this program is indicated by some preliminary evaluation data which shows that 8.2 percent of the participants have been upgraded to better jobs after enrollment in this program and two percent have been removed from public assistance rolls.

New Initiatives

I would also like to mention that although the requested levels for vocational and adult education are remaining at approximately the same levels for fiscal year 1980, we will, nonetheless, be undertaking national leadership activities to help focus the use of Federal funds by the States. For example, in adult education we will be doing this by the identification of areas through which we will try to focus State activities.

In vocational education, we have already identified eight priority areas for State and local activity, among which are: CETA and vocational education linkages, vocational equity, urban and rural special needs and planning, data and accountability systems. Through technical assistance, review of State plans, and conducting special policy studies and conferences, we plan to generate State improvement activities in these areas. Another major initiative in vocational education will be an extensive reauthorization effort that will examine the role of the Federal government in providing vocational education opportunities and experiences. By concentrating Federal and State efforts on priority areas, I am hoping to effect major changes and improvements in these two programs and to ensure the better utilization of Federal dollars.

My colleagues and I will be glad to answer any question at this time.

BUDGET REQUEST

Mr. **Natcher**. Dr. Dunham, if you want to, suppose you highlight the statement for us.

Mr. **Dunham**. Thank you, Mr. Chairman.

I am pleased to have this opportunity to appear before you and other members of the committee to present the fiscal year 1980 request for Occupational, Vocational and Adult Education.

Our request this year is $772,364,455, approximately the same as in 1979. The agenda that will be supported with this request will deal with pressing national concerns, including special emphasis on youth unemployment, problems of women entering the world of work, the shift to an older population, and rapid technological advances. The request also contributes significantly to the Office of Education's larger objective for education and work and the smooth transition from school to work.

For Vocational Education, we are requesting $674 million to serve the needs of over 17 million students of all ages across this country. This represents level funding from last year.

As you will note on the chart to my left, and your right, which indicates the Federal-State share of expenditures both for vocational education and adult education, the percentage of the Federal role in vocational education has decreased a good bit over the last several years from 19 percent in 1969 to 11 percent in 1977. This indicates that vocational education has become largely a State and local supported program over the years.

Despite the shift to strong State and local support, there is still a need for Federal dollars in vocational education to deal with the pressing problems of the disadvantaged, handicapped, program improvement, and women in the world of work.

Of this amount, $662 million is for six State formula programs, with another $12.8 million for national programs, including the National Occupational Information Coordinating Committee, the National Center for Research in Vocational Education, Bilingual Vocational Training Programs and the programs of national significance.

Now, in the Adult Education area, Mr. Chairman, we are requesting $90,750,000 for 1980, a slight decrease from 1979. These funds are allocated to States to provide educational services to about 2 million educationally disadvantaged adults. These Federal funds provide 63 percent of the total funds to about 9 percent of the population which are presently designated as functionally illiterate. You will note on the chart an increase in State and local expenditures over the past several years, which is part of our rationale for recommending a very slight decrease of approximately $10 million in this program. States have increased their share, as you will note, from 25 to 37 percent of the total adult education expenditures.

Finally, Mr. Chairman, before we turn to your questions, I would like to point out to you that while this request is at approximately the same level as 1979, we intend to undertake new national leadership activities at the Federal level to help us focus more sharply the use of these Federal funds. We have already identified eight priority areas for vocational education and are preparing to do the same for adult education. In addition, we are working diligently to prepare materials for reauthorization of the vocational education amendments years from now.

With those comments and the information before you, I would be happy, along with my colleagues at the table, to respond to the questions you or other members might have.

ASSESSMENT OF VOCATIONAL EDUCATION

Mr. **Natcher**. Thank you, Doctor Dunham.

Doctor Dunham, what is your general impression of the vocational education system in this country today?

Dr. **Dunham**. Mr. Chairman, I believe that we have a very effective vocational education system in this country. Of those people available for placement who engage in occupational and vocational education programs at the secondary and postsecondary levels we find 90 percent of them being placed in jobs.

I think that is an important statistic. It is indicative of a healthy nationwide system that started with a small Federal investment from early days and has demonstrated that vocational education, like general education, is a responsibility of the State education agencies, State government and a function of local schools.

Vocational education is very much interwoven with the total education system. I think it's a healthy system. I think it has some problems for example, in terms of targeting its Federal dollars, particularly to the highest priority areas, such as the disadvantaged especially young people in urban centers, and I think we need to work hard on these issues.

But in general, my attitude is that it's a very healthy nationwide system and a rather unique system in the sense of dollars, since a minimum of Federal investment dollars has generated nearly a $5 billion annual investment across this country.

CHANGES IN VOCATIONAL EDUCATION

Mr. **Natcher**. Doctor Dunham, as you well know, Federal aid for vocational education originally focused on agriculture and home economics. That started in the year 1914 with the Smith-Lever Act and, of course, we have had many changes since that time, a great deal has transpired in the last 65 years, as you and I well know.

How has vocational education responded to the changes during this period of time?

Dr. **Dunham**. Mr. Chairman, I think vocational education has responded to changes in technology quite effectively during the history you have outlined.

By 1963 we had realized that there was a great growth of new and emerging occupations and new technologies requiring different and expanded kinds of training for people which could be provided through the public education system.

By identifying the major occupational cluster areas, the amendments of 1968 and particularly the most recent amendments of 1976, have allowed us to keep in touch with the real problems of the labor market.

While we have not always been able to capture the supply and demand information, particularly the job demand information in the most ready fashion, I think that by and large, based on the placement rates I mentioned before and based upon the comprehensiveness of the program as an integral portion of the education system, the vocational education system, has done a reasonably good job of keeping pace with the demands of the business and industrial complex of this country.

NIE STUDY

Mr. **Natcher**. The National Institute of Education is doing a major evaluation and study of vocational education programs. The Institute is budgeting $1 million in 1979 and another $1 million in 1980. Do you believe that a major study of vocational education is necessary at this time, Doctor Dunham?

Dr. **Dunham**. Yes, sir; I do.

Mr. **Natcher**. Tell us why.

Dr. **Dunham**. It's necessary because there are particular portions of vocational education that have not been subjected to the kind of study that is within the purview of the mandated study being conducted by the National Institute of Education.

Because we have not had these policy studies targeting on some of the more critical areas of vocational education, such as funding issues or effectiveness, we have been unable to direct Federal resources to these areas as much as we would like.

For example, we have not yet dealt with the special populations problem as well as we would like. I think we will find, as a result of the study, some important signals for the shape and nature of our new legislation in this area. That, in itself, is a redeeming value of the NIE study.

I expect as well that there will be spin-off of this study and that we will continue to do some additional study work as a result. But I do think it's targeting on the appropriate areas of study.

In summary, the reauthorization is an important focus of the study. In addition, it may help to answer some questions that this committee and other committees of Congress have asked for which we have not been able to provide definitive answers.

FEDERAL SHARE OF VOCATIONAL EDUCATION

Mr. **Natcher**. The Federal share of the total cost of vocational education has been declining over the past ten years, from 19 percent to 11 percent in 1977. I believe that is correct Doctor Dunham?

Dr. **Dunham**. Yes, sir; that is correct.

Mr. **Natcher**. In view of this trend, what do you see as the future role of the Federal Government concerning vocational education?

Dr. **Dunham**. I am very pleased you asked me that question because I happen to have both some personal and professional opinions on that issue, and I want to point out to you, Mr. Chairman and to the committee, that we are in the process of taking a hard look through a six-month study to give us some clear signals about that future Federal role.

I believe that the future Federal role is one that must assist the States in targeting dollars where the needs are the highest. We have to shift from maintaining programs to targeting dollars where people hurt the most with respect to education for work.

Our future role may have to target on urban centers, the problems of isolated rural America, mobility problems, and technology.

We have a half dozen targeting potentials and I would like to see future Federal vocational education money focusing on alleviating problems where the problems are greatest as opposed to simply providing maintenance money for programs that probably will survive at the local level without much help.

Now, that is not a case that is true in every State. As you are aware, Mr. Chairman, the match money issue varies from State to State. There are many States which do not yet have the capacity to provide full access to vocational education programs. I am proposing ideas such as differentiated formulas, non-financial incentives to States, or relief in the area of how much money should be spent for program improvement for future Federal efforts.

All of these ideas ultimately will contribute to a different Federal role than we have now, and should give States more autonomy and flexibility to respond to their own needs.

Mr. NATCHER. What would happen if all Federal support for vocational education were withdrawn?

Dr. DUNHAM. Well, first of all, you would have a sharp decline in meeting the needs of the disadvantaged, handicapped and other special populations.

You would also see a sharp decline, not a total elimination, but a sharp decline in the whole business of improving the quality of vocational education programs.

Funds available for improving curriculum, for teacher education, for guidance and counselling services, for removing the problems of sex stereotyping in vocational education would probably just be forestalled for a period of time. It would be a debilitating blow, it would seem to me, in those areas that are particularly trying to meet the needs of special groups and quality of programs.

Finally, the Federal leadership role, which strives for excellence, for access, and equity for all people, would be lost. I think that is an important role and one that in the future is going to be even more important.

MINORITIES IN VOCATIONAL EDUCATIONAL

Mr. NATCHER. Mr. Conte?

Mr. CONTE. Thank you, Mr. Chairman.

I want to welcome you to our committee, Mr. Dunham.

As you may know or may not know, I happen to be a product of vocational education. I was one of the very first in the machineshop in the City of Pittsfield in a vocational school, and then, when I graduated, they took me out about half a year before and I went to work at the General Electric Company as a machinist.

So I have a very, very warm spot in my heart for vocational education.

I don't think we are doing enough. I sit on this committee and I hear of all of these programs trying to help the disadvantaged and the minorities. I think this is one area in which the minorities are not availing themselves of the opportunity they have.

I go back home and there is a tremendous amount of unemployment throughout my district and yet, by the same token, I meet with small businessmen and they just cannot find tool makers, they cannot find machinists, they cannot find people who are trained in these fields, and these jobs are going begging.

What are we doing to try to get the minorities interested in attending vocational high school?

Dr. DUNHAM. Mr. Conte, I also appreciate your question. I appreciate your own personal track record of support for vocational education from the great State of Massachusetts. That is a pressing issue, and I think in the first place that we have to start talking about the attitudes of the minority population toward vocational education.

Vocational education is seen, by minorities as it has been by the majority population for many years, although I think that is ceasing somewhat now, as education for somebody else's kid. It does not always represent the highest paying jobs; therefore, what we have to do, and we are working to do with some of the national organizations that represent minority communities or minority populations particularly interested in vocational education, is how to not only involve the minority community in leadership positions in local communities and at the Federal and State levels, but also how to get the majority population to participate with them in that effort.

Much of it has to do with guidance and counselling, in my view. The kind of information made available to students, not through the guidance and counselling system per se, or the public school pupil personnel services system, but also through the accessibility of occupational and career information, is only barely passable in many areas.

Massachusetts happens to have a pretty good system for that purpose. The career information system that has been installed is beginning to be a statewide system there.

But I think when you begin to look at large cities in particular, where these populations tend to concentrate, we have another problem that is historic and has not yet been addressed adequately from the Federal perspective, and certainly not from the State and local perspective, and that is the simple business of access to facilities, and thereby to programs.

The urban centers of 500,000 or more, the largest cities have about 22 percent of the population but have only 10 percent of the secondary facilities, and 13 percent of the postsecondary facilities, according to a recent study we conducted. Alternatively, in the rural areas of zero to 25,000, 34 percent of the secondary facilities and 7 percent of the postsecondary facilities exist to serve 23 percent of the population. So there is a disparity between the rural, sub-rural and suburban and urban centers and again these problems tend to concentrate in the urban centers with larger portions of minorities.

We have mounted several major national initiatives; the first of them—and I am sure that you will ask me about this—connecting CETA and vocational education resources to meet these needs. But we are also under way with an urban initiative, to address with great specificity the problems of how to target Federal, State and local dollars to ameliorate some of these problems.

That, however, requires a strong State, local, and Federal partnership, such that we are all going in the same direction, all recognizing the same problems, all using the same sources of data and information, and all having the same goals.

I don't mean to generalize, Congressman, but you can see that it's a State-local issue in which we need to use Federal leadership and funds backed by data and information that says very clearly what the problems are. We also need to look at our legislation, both current and future in terms of what kinds of dollars are needed and in what configuration they should go to alleviate these problems.

I can assure you that we will find, as a result of the NIE study, which the Chairman referred to, out of our own studies that are going on, and others that are occurring at this time, that the simple basic business of accessing programs is a big problem. Kids are either on the street or in general curriculum programs, but they are not in vocational education. And that is where they need to be, but not because they are a particular kind of kid. They are not vocational students, they are students of vocational education.

I think we have stereotyped vocational students and that is part of that attitude problem. So we are working on the guidance issue and we are working on the access issue, in terms of facilities, equipment, and buildings to really target on the needs of monority populations.

We are very dedicated to this and we have plans under way and also some preliminary outcomes from those plans that indicate we are going to make some progress.

ATTITUDES TOWARD VOCATIONAL EDUCATION

Mr. CONTE. I am interested to hear you say that because those attitudes have not changed in 40 years. I was back there in the 1940's and if you went to vocational school, which was down in the cellar of the high school then, you were a second class citizen, you had dirty hands and you wore dirty clothes there, and you had oil all over you and grease. Those attidues have been the same over 40 years.

I would be pleased to see how you are going to change those attitudes, because it's very, very important. I wish it was mandatory to make every student take some vocational education, at least as part of his education, even if he is not going to ever use it again, if he is going to go out and be a doctor. To be able to work with his hands and to have that knowledge and if he ever gets married and he owns a home it's going to hold him in good stead, especially with today's prices of labor, he can do his own work around his house.

I know I bring a lot of young folks in, I try to show them things, and they are just amazed and they say, where did you learn this, you know, you use a skill say and drills and all of this stuff. So even whether they are going to go into a trade or not, it's going to help them later on in life.

Dr. DUNHAM. Yes, sir.

BUDGET REQUEST

Mr. **Conte**. You know, I get a lot of mail on this, Mr. Dunham. They say we are not going to have enough money here, that it's much too low, that we need more money in vocational education so we can put more people to work.

In your professional judgment, do you think this budget is too low? What did you ask for to OMB?

Dr. **Dunham**. We asked for something more than what is in the budget at the moment.

Mr. **Conte**. Could you give us that figure?

Dr. **Dunham**. Yes, sir, in just a minute. I have it here.

We had three levels, a minimum, current, and improved level. Our improved level request was $696 million to the Department; the OMB request was $492 million.

Mr. **Conte**. And what is in this budget here?

Dr. **Dunham**. This request is for $674 million.

MINORITY INVOLVEMENT

Ms. **Beebe**. Mr. Conte, some data I have might be of interest. In the last ten years enrollments in vocational education have grown 176 percent, and we are finding that the enrollment trends in vocational education nationwide are increasing. We have some data we could submit for the record which would show enrollment by ethnic background.

Mr. **Conte**. And minorities too?

Ms. **Beebe**. Yes, sir.

Mr. **Conte**. I would like to get that for the record if it's all right with you, Mr. Chairman.

Mr. **Natcher**. Without objection, it is so ordered.

[The information follows:]

Vocational Education Enrollment
by Ethnic Background

Level	Total Enrollment	Asian	% of Total	Black	% of Total	Hispanic	% of Total	Indian	% of Total	White	% of Total
Secondary	9,002,734	96,554	1.07	1,557,007	17.30	637,735	7.08	62,524	0.70	6,648,914	73.85
Post-Secondary	2,289,536	38,105	1.66	291,992	12 76	180,031	7.86	18,103	0.79	1,761,305	76.93
Adult	3,966,152	43,141	1.08	508,498	12 83	228,496	5.76	27,372	0.69	3,158,645	79.64

EQUIPMENT QUALITY

Mr. **Conte**. Have I time for one more question?

Mr. **Natcher**. You certainly do.

Mr. **Conte**. The machinery used in the vocational schools must be of high quality and up to date?

Dr. **Dunham**. Yes, sir.

Mr. **Conte**. I remember we were using all of those leather belt ones; and it was dangerous. The cost of machinery is so high today.

How does your administration perceive its role in helping the States keep their vocational schools up to date with good equipment and good machinery?

Dr. **Dunham**. In the first instance, Mr. Conte, the law itself provides that funds coming to the schools through the State education agency may be used to improve and expand voctional education. That can include acquisition of facilities and equipment.

We recognize the serious problem of present equipment that was purchased back in the early days of the heavier investment of Federal funds for vocational education after 1963. Much equipment has been in place for those 15 years and now needs to be upgraded and updated.

While that has been absorbed—as you can see by the statistics on the chart—in large measure by State and local dollars, you still have the problem in urban centers where there is not the kind of tax base behind the local program. Those centers will tend to have poor equipment.

If you look at it across an entire State, the better equipment is going to be in the newer facilities that tend to be out in the rural or suburban areas. The older, later, out-of-date equipment tends to be in center cities.

We have found this in the Westat study that gave us facility and equipment profiles on demographic areas. My attitude is that purchasing equipment is quite an appropriate use of Federal funds, given the States' judgment that that is what they want to do with their formula monies.

I would suggest to the Congressman and to the committee that given the level of funding we have requested, it seems to me that even given the present structure of the law we need to build into our legislation the capacity to target money in these areas. If there were an increase, for example, it would be my hope that we could target it on minorities and youth unemployment problems which relate right back to the entry and the accessibility problems of getting into the program in the first place.

It's very difficult to separate these out and say there is a specific answer to a specific problem. It's a systemic problem that runs from parental attitudes through community support relationships and attitudes, through voting on local budgets, bond issues, to matching that with Federal initiatives to improve and expand and extend programs. Then you have something that is accessible to young people and adults in vocational education.

I say that simply to demonstrate that it has become very much a local-State issue and we need to continue a leadership posture from the Federal level, it seems to me, that says this is the kind of thing we would look for a State to target on in a State plan.

If you say in Pittsfield, in Boston or wherever it might be in the State of Massachusetts, that you are aware of, as a citizen, or as a Representative of the people in that State, certain urgent problems and that there are a lot more people who know of these problems, then the State should respond through their plan to tell us that that is what they are going to do. We will support that, and we are working to support modifications in legislation, in rules and regulations, in interpretations of policies that will help States use their funds and the small amount of Federal funds that are coming to them to do precisely the kinds of things you are asking to be done.

Mr. Conte, I guess my time is up.

Thank you very much.

STATE ADVISORY COUNCILS

Mr. **Natcher**. Mr. Smith?

Mr. **Smith**. Under the last authorization, State Advisory Councils were given additional responsibilities, and so forth, a figure of $75,000 minimum was set forth in the law, as you know. But, there is no way they can do it on $75,000.

So we added, as I recall, $1.7 million, or something like that, to the appropriations bill, so that they can meet those minimum responsibilities. Now, I understand there is some problem with that.

What is the problem?

Dr. **Dunham**. As I understand it, Mr. Smith, the problem is one of requiring point of order language to achieve the $100,000 minimum Congress wants each State to receive.

Mr. **Smith**. I thought we added a million dollars so no States would lose, and yet you could give more than $75,000 to some States.

Dr. **Dunham**. Ms. Beebe has been working with us on this and has some very current information that will be helpful in clarifying this.

Ms. **Beebe**. Yes. We wanted to respond to the committee's directive in their report which would have provided each State, the District of Columbia, and Puerto Rico with a $100,000 minimum and each outlying territory with a $91,000 minimum. The extra amount appropriated could have done that. However, we have received an opinion from our legal counsel which says that the report language is inadequate to override the formula in the law. The only way we can distribute those funds is according to the procedure set forth in the basic statute.

In order to minimally fund each State at $100,000 and each territory at $91,000 using the existing statutory formula distribution, we would need $11.3 million.

Mr. **Smith**. In other words, you would have to give the States that already have more than they need more money in order to give the ones that don't have enough.

Ms. **Beebe**. According to the statute, we would have to use the existing formula which increases each State's share up to a $200,000 maximum. There are two ways in which that can be corrected. One is by formally amending the statute, which we will be looking at when we submit reauthorization. Or two, we could have language in the Appropriation Act which would specifically set aside some of the requirements in the formula.

Mr. SMITH. Well, I would like at this point in the record, Mr. Chairman, to have this opinion.

Mr. NATCHER. Without objection, it is so ordered.

[The information follows:]

GENERAL COUNSEL OPINION

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
Room 4091, F.O.B. #6
400 Maryland Avenue, S.W.
Washington, D.C. 20202

OFFICE OF THE
GENERAL COUNSEL

April 3, 1979

MEMORANDUM

To : Mr. Thomas McNamara
Budget Analyst, OE

From : Education Division
OFFICE OF THE GENERAL COUNSEL

Subject : Funding of Vocational Education State Advisory Councils

This memorandum is in response to your request for our opinion on the appropriate method of allocating funds to vocational education State advisory councils. In light of a recent Congressional inquiry, you have asked whether the Commissioner of Education is legally bound to allocate Federal funds to these councils in accord with a conflicting directive contained in a report from the House Committee on Appropriations. For the reasons set forth infra, it is our opinion that the Commissioner is not legally bound to change the method of allocation required by the authorizing legislation.

I.

Section 105(f)(1) of the Vocational Education Act of 1963, as amended by Title II of Pub. L. 94-482 (20 U.S.C. 2305) (hereinafter referred to as the VEA), provides in part:

> From the sums appropriated pursuant to this subsection, the Commissioner shall, subject to the provisions of the following sentence, make grants to State advisory councils, from amounts alloted to such advisory councils in accordance with the method for allotment contained in section 103(a)(2), to carry out the functions specified in this section, and shall pay to each state advisory council an amount equal to the reasonable amounts expended by it in carrying out its functions under this Act in such fiscal year, except that no State advisory council shall receive an amount to exceed $200,000 or an amount less than $75,000.

The "method for allotment contained in Section 103" is the basic State entitlement formula which allocates funds on the basis of age group populations.

It should be parenthetically noted that since the statutory creation of the advisory councils in 1968, (Pub. L. 90-576), funds have been distributed to the councils on the basis of the State entitlement formula. When Title II of the Education Amendments of 1976 (Pub. L. 94-482) substantially amended the VEA, Congress had inadvently omitted reference to the formula as the basis for distributing funds to the councils. This omission was corrected by section 6(B) of the Technical Amendments Relating to Vocational Education (Pub. L. 95-40). In the explanation of this amendment in Sen. Rept. No. 95-142, P. 7. (5/12/77), the Senate Committee on Human Resources states:

> This section increases the authorization of appropriations for State advisory councils from $8 million for fiscal 1982 to $10 million and specifies that *appropriations for this purpose are to be allocated under the general formula contained in the act*. (Emphasis Supplied).

II.

It is our understanding, based on Office of Education budget figures, that Federal funds were allocated to the councils in FY 1978 and FY 1979 in conformity with the requirements set forth in Section 105(f)(1) of the VEA. Funds were distributed through the general formula with no State receiving less than $75,000 or more than $200,000.

III.

In its report to accompany the HEW appropriation bill for the fiscal year ending September 30, 1979 (H.R. 12929), the House Committee on Appropriations advanced a different directive for distributing funds (House Rept. No. 95-1248).

The House Committe Report states on page 73:

> For State Advisory Councils, the bill provides $6,073,000 an increase of $1,007,000 for the purpose of raising the minimum allocation to $100,000. The committee feels that the present minimum is an inadequate amount for the State councils to carry out their expanded responsibilities.

According to this directive in the House Report, the additional $1,007,000 in funds should not go through the general formula but rather are to be used to increase the minimum amount for the councils from $75,000 to $100,000. Although the Senate Committee on Appropriations agreed with the House proposal to the increase of $1,007,000, the Senate committee report was silent on the matter of raising the minimum allocation to $100,000 for the councils. (See Sen. Rept 95-1119, p. 97).

The Conference Report accompanying the Labor-HEW Appropriation Bill (House Rep. No. 95-1746) provided no guidance on the allocation method to the councils. Even more critical, however, is the fact that the Appropriation Act did not include any special language to override the provision of the authorizing law which provides that no State council shall receive less than $75,000.

IV.

It is a well established rule of statutory constuction that when the language of a statute is clear and unambiguous the statute must be held to mean what it plainly expresses (See Sutherland, Statutory Construction, Vol. 2A, § 46.01). The courts have firmly embraced this principle which is commonly referred to as the "plain meaning rule." "The meaning of the statute must, in the first instance, be sought in the language in which the act is framed, and if that is plain, . . . the sole function of the courts is to enforce it according to its terms." (Caminetti v. United States, 242 U.S. 470 (1917)).

The meaning of section 105(f)(1) of the VEA is clear and unambiguous. As indicated supra, the Commissioner's application of the method of allocation has been consistent and continuous since the statutory creation of the councils, to wit, employing the basic formula with no State receiving less than $75,000 or more than $200,000. In the sole challenge to the Commissioner's application of this provision, the Court of Appeals for the D.C. Circuit rendered a per curium opinion in favor of the Commissioner's uniform application of the formula. (See State of Arkansas et al., v. Weinberger et al., U.S.D.C. Civil Action No. 74-192, 5/7/75).

In a dissimilar circumstance where the statutory language is found ambiguous, a report of the appropriation committee would constitute a valuable source for determining the intent of Congress. In such instances, the legislative intent as revealed by the committee report is highly persuasive (See Sutherland, Statutory Construction, vol. 2A, § 48.06). However, where the terms of the statute are unambiguous, the legislative intent must be devived therefrom. This rule of construction is especially relevant in this instance because the language of the House Report conflicts with the statutory language of the basic authorizing legislation.

In this connection, recent decisions of the Comptroller General indicate that where Congress imposes restrictions or other qualifiers upon an appropriation in committee reports, and not in the statute itself, the restrictions are not legally binding on the administrative agency which administers the statute.

In LTV Aerospace Corp., 55 C.G. 307 (1975), the Comptroller General examined at great length its own decisions and those of the Federal courts in cases where the legislative history of an act clearly evidenced an intention to allocate a given sum for a specific purpose but no directive to that effect was incorporated into the act itself. It was noted that while there are strong practical considerations which will generally lead an agency to heed Congress' wishes with respect to an appropriations measure, absent the actual inclusion of a specific directive in the legislation, a Federal agency is not legally bound by those wishes. In the LTV decision this position was expressed as follows:

> ". . .[A]s a general proposition, there is a distinction to be made between utilizing legislative history for the purpose of illuminating the intent underlying language used in a statute and resorting to that history for the purpose of writing into the law that which is not there.

In a subsequent decision, Newport News Shipbuilding and Dry Dock Co., 55 C.G. 812 (1976), the Comptroller General reaffirmed the LTV Aerospace decision, again holding that appropriation directives contained in committee reports are not legally binding upon the department or agency concerned unless they are specified in the appropriation act itself.

V.

The reference to the above cited authorities is not intended to suggest that the legislative history contained in House Rept. No. 95-1243 is immaterial. The Office of Education is by no means free to simply disregard a directive in pertinent committee reports. However, it must be recognized that had Congress desired to change the Commissioner's method of allocation to the councils, it merely had to insert the new directive in the appropriation act. The statement contained in the committee report cannot, in our view, provide a legal basis to change the method of allocation required by the authorizing legislation.

In conclusion, it is our opinion that the statutory language which contains the method of allocation in section 105(f)(1) of the Vocational Education Act is clear and unambiguous. Funds must be distributed through the general formula with no State receiving less than $75,000 or more than $200,000. Therefore, in the absence of a provision in the authorizing or appropriation statute expressly requiring that no council receive less than $100,000, the Office of Education is not legally bound to alter its method of allocation.

Frank Dell'Acqua
Deputy Assistant General Counsel
for Education

By Michael
Michael Brustein
Attorney-Adviser

cc: Dr. Dan Dunham
Dr. Charles Buzzell
Dr. Leroy Cornelsen
Ms. Alita Ahlstrom
Mr. Harold Duis
Mr. Doug Sparks

Mr. **Smith**. Then do you have proposed language that if the committee wanted to do it would overcome this without giving more money to those that don't need more money?

Ms. **Beebe**. Yes; we can provide that, Mr. Smith.

Mr. **Smith**. I would like to have that too.

Ms. **Beebe**. We will provide that to you.

[The information follows:]

PROPOSED LANGUAGE FOR FY 1979

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Appropriations under this head for fiscal year 1979 in the amount of $6,073,000 for State advisory councils under section 105 of the Vocational Education Act of 1963 shall be used, first, to provide a basic amount to each State equal to the amount it received in the previous fiscal year ($5,066,000), and secondly, to provide that each State, and the District of Columbia, Puerto Rico, and the Virgin Islands shall not receive less than $100,000, that each of the American Samoa, Guam, Trust Territory of the Pacific Islands and the Northern Mariana Islands shall not receive less than $91,136 ($1,007,000).

PROPOSED LANGUAGE FOR FY 1980

Appropriation Estimate

Occupational, Vocational, and Adult Education

For carrying out, to the extent not otherwise provided, section 523 of the Education Amendments of 1976, the Vocational Education Act of 1963, as amended, and the Adult Education Act, [$7[illegible],453,000] *$765,203,000* of which $10,000,000 for Part B, subpart 2 of the Vocational Education Act shall remain available until expended: *Provided*, That the amounts appropriated above shall become available for obligation on July 1, [1979] *1980*, and shall remain available until September 30 [1980] *1981*, unless otherwise specified herein: *Provided further*, That not to exceed $112,317,000 shall be for carrying out part A, subpart 3 of the Vocational Education Act. *Provided further, That $6,073,000 for State advisory councils under section 105 of the Vocational Education Act of 1963 shall be used, first, to provide a basic amount to each State equal to the amount it received in the previous fiscal year ($5,066,000), and secondly, to provide that each State, and the District of Columbia, Puerto Rico, and the Virgin Islands shall not receive less than $100,000, that each of the American Samoa, Guam, Trust Territory of the Pacific Islands and the Northern Mariana Islands shall not receive less than $91,136 ($1,007,000).*

Mr. **Smith**. I think we ought to communicate with the authorizing committee and perhaps we can get their support if they have not got an authorizing bill out in time to put in language, even though it might be subject to point of order.

Mr. **Natcher**. Without objection.

Ms. **Beebe**. Be happy to do that.

Mr. **Smith**. That is all, Mr. Chairman.

ADULT EDUCATION

Mr. **Natcher**. Mr. Patten?

Mr. **Patten**. You know I heard the Commissioner of Education so loudly and clearly a few years ago that the way to go in education to help the unemployed was through adult education. So in my area of Woodbridge Township I have 1,600 adult education. We had ads in the papers and we are not the only one. Seton Hall was on TV with advertisements.

They lost 5 percent of their enrollment due to the subsidizing of State universities and in the crunch in 1975; they lost 5 percent again in 1977, and then they lost again in 1977 and they hired a recruiter. They had to have ads on TV. St. Johns and St. Peters in Jersey City, have adult education.

Now, let me ask you something: Of all of the ways we go to help the unemployed, and I was a WPA Mayor, you know, I lived through that. I have watched all of these programs come and go, and I taught in vocational school seven years. In my town I had 8,000 who were not citizens, and easily 20 percent are illiterate.

They came from Puerto Rico, Santo Domingo. They came from Haiti. They came from all over.

Now, from your experience, if you want to have a person qualified to hold a job, is there any substitute for this vocational training? Should you give them a shovel on WPA or send them out raking leaves? Is there any substitute for our auto shop or electric shop or paint shop where you get a qualified person and you give them materials and train them to do something?

In our new vocational school in Piscataway we have computer training; we have automatic data, you know, keeping up with the times, and we have a new girls' vocational school. My county is beautiful; our public supports it and our industries support it, and I just feel you have done something to me here today.

I look at adult education and your budget cuts $10 million, just when you had a real cheering for adult education. In my town, the old school I went to has adult education.

There is no shortcut to making a doctor, there is no shortcut to making a lawyer, there is no shortcut to making a skilled person qualified.

My vocational evening schools are crowded to the brim. We never gave them any money for facilities, really, to modernize my own vocational school. They are crowded, they are jammed, you see, and I don't know if any of you people have personal knowledge of it. I think I am correctly stating it and I am a little disappointed. This is the best way to go and I find all kinds of cuts here.

Mr. **Conte**. Would the gentleman yield?

Mr. **Patten**. Yes.

Mr. **Conte**. You were not here when I asked some of these same questions. He didn't do it, OMB did it.

Mr. **Patten**. I am not going to excuse him. If we are going to get my people to work, there is no easy way. You can't just hand them a shovel or a broom. I know what it takes to make an auto electrical mechanic and I can put 500 to work in my State this week. Nobody knows how to be an electrical auto mechanic.

But across the board my people feel they have been let down a little bit in this budget, and I don't want to be told that is the trouble of OMB or anybody else. I am here to pass judgment and my judgment is this is not where I want to see the money cut not for adult education.

I remember the goals, I think it was Commissioner Marland who told us what the goals were for continuing education. We have the jobs but our industries can't find people trained or qualified. Do you know what they tell me in the copper works what it costs them to train a foreman? $20,000, for foreman training.

There is no shortcut. There is no easy way to these things. But of all of the ways to go, without kidding anybody about how to get people working, this is it. And I see the ads every Saturday and a fellow wants a job and I say, what can you do? He came to work when he was 14 years old and pulled copper wire; he stayed there until he was 46 and the plant closed down. He didn't even finish eighth grade. He can do nothing. He can't even write a letter. He was a manual laborer in the plant.

I have five plants closed down, and the fellows in there who are 40 to 50 years old are going to be permanently unemployed until they go to their graves unless we do something about it. That's my judgment.

All of my industries say don't send anybody if they are over 35 unless they are high school graduates. The crowd that worked in my plants which closed down worked there 30, 40 years; they are left out, they are over 40 or 50. They are unemployable the rest of their lives under our system, and that is where we have to hit.

We have to hit that hard group of unemployed.

Your money is the best. I don't know how it works out there in Iowa. They have the corn, but I know I have the industry; and they want the help, they want the training and I just feel I have been short-changed in that appropriation.

Now, that is my question, Mr. Chairman.

Dr. **Dunham**. May I respond to your question, Mr. Patten?

Mr. **Patten**. Please.

Dr. **Dunham**. What you have discussed with us is exactly what we want to hear—that is, positive examples of our programs.

Let me try to answer the first question you asked very early in your comments: Is there anything better than the system we have going in the vocational and adult education area?

My answer to that is unequivocably no, it is the best system.

You mentioned the job matching problem—all of these ads every Sunday morning—2,500, 3,000 jobs. People are looking for work, and there is unemployment, particularly among young people. It's a job matching problem.

Many of the people who want to apply for those jobs do not have precisely the basic education needed to get them the jobs, such things as the ability to read, to write, to communicate, and to compute, so they can fill out a job application, so they can make a good representation of themselves, so they can get some experience, so they can get a better job.

Another problem with all of those ads is that they all want people who have three or four years of experience. Our problem is a structural problem of unemployment for people who have never worked before or have not worked in such a long time that they cannot get in the front door.

The first question an employer asks, and you know this as an employer yourself, Mr. Patten, is what have you done, what has been your experience?

We have to start with basic skills for adults through our adult basic education programs. We also have to have an adult vocational education link so that they can get retraining or upgrading for another job. Or, they may have never been trained for any job at all.

We need to link this to the CETA programs, so that vocational and adult education programs in our public schools and in your district, in the community colleges and your universities, become the variable in whether or not those education and training pieces of CETA can be made to get these people into education and into jobs.

I think the industrial training effort in New Jersey has brought industry there and has improved industries and improved the learning system by strengthening the education system since it called on the education system to help prepare people for work.

I will not back away from your question about why the amount of money requested for adult education is lower.

The statistics tell us, and it is absolutely a fact, that the State and local effort for adult education has increased significantly in the last three or four years.

Mr. PATTEN. Don't pull that one on me.

Go ahead. I read that. I underlined that.

Dr. DUNHAM. All right. Let's talk about what the role of the Federal Government is.

Mr. PATTEN. We had programs in my city, 23 rolling away. When Nixon came and abolished the poverty program, my Mayor and the Council continued on, all right; it was not that the city was able to take them over. The city didn't take any of them over.

I will name them for you, and now in my State, those projects that were abandoned we tried to push, and as soon as the Federal money ceased you were out and this includes vocational training too, vocational school money, and the State Legislature had them cut right away. So you can't make a case that the States got active because we are spending a few more dollars. You don't know what it took to wake them up in New Jersey in the Legislature to go for something.

We are proud of it and I don't follow your logic that because my State is spending a few more dollars this is a good time for you to cut the ground from under us. Because we expanded, we got the increase you spoke of, and now you say we are spending more money.

I don't follow that logic.

Dr. **Dunham**. Well, it's difficult to pick a given State and clearly I should not pick the State of New Jersey as an example, given what you have said about local and State money. If the money is not there, it is not there. We are saying that on the average across this country—and this is the kind of information we have to analyze when we prepare budgets—the Federal dollar is doing what it was intended to do, that is, stimulate the locals and States in the area of adult education and meet the needs of illiterate people to give them the basic skills they need to get a job.

I don't believe I can make any further comment on it than that. I am most sensitive to your concern and I can assure you it will not leave me when I leave here.

Mr. **Patten**. Well, good luck to you, but you are going to hear from me at these hearings in markups because I think this is the way to go to save this country and get some of these people to work.

There is no shortcut. This is the hard way.

Dr. **Dunham**. We appreciate your personal interest and support for our programs, Mr. Patten.

Mr. **Patten**. I am glad to hear you say if you want to make these people able to do something you have to train them, you have to give them experience.

Dr. **Dunham**. Absolutely; thank you.

COORDINATION WITH CETA

Mr. **Natcher**. Mr. Pursell?

Mr. **Pursell**. Thank you, Mr. Chairman.

The relationship with one agency to another has always been puzzling to me, and we have had several discussions with regard to your relationship with CETA.

Can you give us a quick summary sketch of where we are in relating with CETA programs and trying to target those particular areas in a joint effort?

Dr. **Dunham**. I would be very happy to, Mr. Pursell.

You have heard some of this before, but I would like to bring you quickly up to date on where we are today. About a year ago Secretaries Califano and Marshall signed a memorandum of agreement dealing with youth employment programs and education programs.

That effort has resulted in the creation of two policy panels, one in HEW and one in the Department of Labor. The HEW panel has already had one meeting and is preparing to meet with the DOL group. Policy issues that these groups are going to be dealing with are laid out in the memorandum of agreement that was signed a year ago.

Now, as to some of the specific things we are doing within the Department, especially within the Education Division of HEW. We recently formed a task group represented by every unit within the Education Division to work on a theme we are calling Education and Work, also including the youth unemployment section of ESEA.

More importantly, Bob Taggart from the Department of Labor and I have agreed to jointly collaborate in three national projects to be jointly funded by some DOL and DHEW discretionary money and are considering a fourth.

PILOT PROJECTS

Mr. **PURSELL**. Would these be pilot programs?

Dr. **DUNHAM**. Yes, sir.

Mr. **PURSELL**. What are the four?

Dr. **DUNHAM**. The four are as follows: The first is an incentive program to establish models for the local CETA ecucation connection.

Mr. **PURSELL**. Are those regional projects or across the country?

Dr. **DUNHAM**. We expect to have enough money to fund about 20 projects. One of the criteria is that there will be at least one in each of the ten OE regions, so it will be nationwide. The funds will go through State education agencies and the requirement will be that the plan be jointly signed by a prime sponsor and a local education agency.

Mr. **PURSELL**. Through the State Labor Departments?

Dr. **DUNHAM**. No; through the State Education Agency.

Mr. **PURSELL**. That makes more sense to me.

Dr. **DUNHAM**. We have that issue agreed to with DOL at this point with that first project. What will then happen, Congressman, is that the results of these pilot projects will be disseminated and hopefully replicated by turning them over maybe in 100 sites the second year to demonstrate the linkages that are necessary for successful agreements, such as coordination for academic or education credit and exchanges of staff, in other words, a whole range of issues.

There are some good examples today of these things happening. We don't need to go out and create anything brand new; we are simply trying to find the best practices already going on, sharpen and shape them up, and then remodel them in other places. That is the first project.

The second project will deal with new job entry alternatives for handicapped, disadvantaged, unwed mothers, and limited English speaking people. This is a project which OE will fund on the front end to do the demonstration and development phase, maybe in five or six sites, and then a good amount of DOL money will come behind that through Youth Work Inc., an intermediary cooperation to replicate them.

A third project is going to work on the attrition rate suffered in predominantely minority postsecondary institutions. We will be working through a summer program and then a school year program to attempt to keep students in school, especially the freshmen and sophomore classes in such institutions. A work sabbatical program would allow the person to leave school at the end of the sophomore year and spend a full year in a job in the area of his academic interest. For example, a degree person, might be going into construction technology for a year. With full matriculation rights they come back to a school, to complete their baccalaureate program, having had at least a year on a work sabbatical. We are hoping that will entice people to finish school.

A fourth project we are considering would try to develop some linkages between those organizations that exist at the local level, such as work-education consortiums, industry education labor councils, local advisory councils, PTAs and other community interest groups, to get them to work together.

Mr. PURSELL. Does that include elementary as well as secondary?

Dr. DUNHAM. Indeed, it will; the whole gamut of grades. Now, this is all under the aegis of the Office of Education in HEW and is a thrust which is one of the Commissioner's top priorities called Education and Work.

Mr. PURSELL. That will be funded through HEW in our budget here in a line item as a separate proposal?

Dr. DUNHAM. No; the money we are putting into it is money from our programs of national significance discretionary.

Mr. PURSELL. Discretionary funds?

Dr. DUNHAM. Same for DOL.

Mr. PURSELL. Do you have the written proposal at this time?

Dr. DUNHAM. Yes, sir; we have.

Mr. PURSELL. I would appreciate having it.

Dr. DUNHAM. We have a summary of the three projects, and I will be happy to submit it for the record, if you wish.

Mr. PURSELL. OK.

[The information follows:]

Education and Work Proposal

Realizing the need to actively encourage understanding and cooperation between prime sponsors and education agencies, the Departments of Labor and Health, Education and Welfare have entered into an agreement to cooperatively fund several education and work projects. These joint projects are designed to set an example for the type of collaboration that can take place between the prime sponsor and the education agency at the local level. Replication and dissemination of successful projects will also be a major part of this joint effort.

Presently, 3 initiatives will be funded:

Initiative I

The Office of Education/Bureau of Occupational and Adult Education and Department of Labor/Office of Youth Programs have initiated a joint funding venture to encourage cooperation between Local Education Agencies and Prime Sponsors in order to assure the provision of education and training services for the CETA eligible youth through the public education system. During Fiscal Year 1979 in phase I, the Department of Labor will provide funding to OE to support 10 to 20 projects for youth stressing the formation of linkages between the education and CETA systems. Phase II will replicate 3-5 successful projects funded from phase I, specifically in urban and rural areas. Phase III will provide for dissemination of the project results to encourage adoption or adaption of these projects throughout the country.

Initiative II

The Office of Education will transfer funds to the Department of Labor for in-school exemplary programs, targeted at specific groups having special educational training and job entry needs. Youthwork Inc., an intermediary corporation will administer programs for the Department of Labor intended to find new ways to involve the nation's schools in finding long-term, fulfilling and productive jobs for young persons. Approximately 6 developmental projects will be funded initially, serving the following special populations: the handicapped, the hard-to-reach, unwed mothers, dropouts, economically disadvantaged, and incarcerated youth. The Office of Education, besides funding the first phase projects will participate in the establishment of the specific objectives of the program, the setting of the criteria for funding, and the monitoring of funded projects. The Department of Labor will follow the developmental phase with substantial funding aimed at installing the most successful practices developed in phase I in several additional sites in succeeding years.

Initiative III

This program--a Summer Youth Program in Vocational Education--will be funded by the Department of Labor and administered by the Office of Education/Bureau of Occupational and Adult Education. Department of Labor Summer Youth Program (SYP) funds will be used to fund this project from April 1, 1979 to June 30 1980. It is anticipated that other funding sources will be found to continue this program through the academic year.

The objective of this project will be to introduce economically and educationally disadvantaged youth who lack job skills to an intensive remedial program offering an integrated vocational and academic experience that provides participants with the basic skills, concepts, and knowledge required for both success in postsecondary studies and success in employment.

Program participants will be comprised of high school seniors, dropouts, and first year postsecondary students. Four to six sites will receive funds to operate projects. The sites selected will consist of postsecondary institutions which have traditionally served the socio-economically disadvantaged.

TECHNICAL ASSISTANCE

Mr. **Pursell**. We have a university in my district, a relatively small university, Eastern Mighican University that wants to develop a technical college. It has been predominantly one of the best known teacher colleges in the country, declining enrollments notwithstanding, and they want to make a dimensional effort into the technical field.

Are there people from your Department who would be in a position to help advise them and work with them in a cooperative manner?

Dr. **Dunham**. Absolutely.

Mr. **Pursell**. Could they solicit your support in helping set that up and establish it?

Dr. **Dunham**. Yes, sir.

Mr. **Pursell**. Are there any grants or other financial opportunities to consider on a one-time basis? Is that something we might be able to work out with you if that had some logic?

Dr. **Dunham**. It certainly would, and I would assume the logic is there, particularly moving into the technical area in a four-year institution.

Mr. **Pursell**. Let me review it.

Dr. **Dunham**. I would suggest the State Education Agency would be the first place for them to talk to about some of their discretionary funds, which are from us.

Mr. **Pursell**. I will work with you afterwards on that particular problem.

Dr. **Dunham**. Fine.

ECONOMIC DEVELOPMENT

Mr. **Pursell**. My last general question is if you were to look at the various States competing for industry, some of the States like the Carolinas have done very well in setting up joint vocational technical plants built by industry and tied into the industrial climate of that given region.

Dr. **Dunham**. Yes.

Mr. **Pursell**. If we were to pursue a national direction there in terms of equity of funding, what is your overall viewpoint of that?

Dr. **Dunham**. As you have already pointed out, certain State ventures such as in North and South Carolina, and Delaware are encouraging industrial development and educational participation. The Eastern border States and Southern States particularly are leadership States in that area.

I think it's a combination of funding with Federal funds used for development to get some of these initiatives started.

Mr. **Pursell**. But it includes private and corporate funding as well?

Dr. **Dunham**. Yes; it does, and it includes State funding in large amounts. Now, tying together the system in North Carolina, for example, to area vocational technical institutes, are part of the industrial development that is immediately available to do short term, high impact training for new industry coming in. This is a feature of vocational education that not all States have yet.

It's a tremendous capacity and one I think many more should have. That's where we can make some impact in terms of providing some leadership to strengthen vocational education to the point where it can be responsive to industrial development needs. When the State Chambers of Commerce and the State economic development and local economic development committees and councils want to bring somebody in, they should know they have a ready source to train manpower.

Mr. **Pursell**. Do you see that as a better route than specific funds?

Dr. **Dunham**. I happen to think it ought to be a collaborative, State and Federal government effort.

Mr. **Pursell**. Does the language in our bill encourage that?

Dr. **Dunham**. Yes; economic development is encouraged. I don't suppose it's as strong as it could be, but we can drive it through the linkage issue.

Mr. **Pursell**. I would be interested in strengthening that.

Dr. **Dunham**. We will put that on our list of issues, sir.

Mr. **Pursell**. All right.

Thank you.

Thank you, Mr. Chairman.

EFFECTIVENESS OF VOCATIONAL EDUCATION

Mr. **Natcher**. Mr. Obey?

Mr. **Obey**. Thank you, Mr. Chairman.

I would like to ask a couple of the same questions I asked last year.

As you know, there seems to be, at least in some quarters, the idea that vocational education is not really one of the success stories in this country, that it is vis-a-vis other education programs, in plain English, if I can put it the same way I put it last year, some people think vocational education is a dog.

Do you think it is?

Dr. **Dunham**. No, sir.

Mr. **Obey**. What do you think? How would you compare vocational education and the progress we have made in it with other educational programs in the country?

Dr. **Dunham**. With general education or with any other kind of training programs?

Mr. **Obey**. You name it.

Dr. **Dunham**. OK.

Mr. **Obey**. How do you rate vocational education? Have we done a good job? Are we doing a good job on it; are we doing a lousy job on it; is it a strong program; is it a weak program, and what do you have to back up your judgment on it?

Dr. **Dunham**. Let me give you my personal judgment and then I will give you a few pieces of information for backup which I think will support the contention that it's a good, strong nationwide system aimed at preparing people for employability, with employment as one of its outcomes.

We have information from Project Baseline, and some of this is not new to you, I am sure, Mr. Obey, that, for example, vocational education graduates are employed at a higher rate than general education graduates. Thus, when the unemployment rate for youth 16 to 24 years of age was 14 percent nationally, for vocational education graduates it was about 11½ percent. I think that is a significant difference.

We have found in other studies that students who complete vocational education obtain their first jobs more quickly; they hold that job longer, and have briefer spells of unemployment.

We have found information that indicates that vocational education is a motivator for those who complete the program or even have exposure to it for less than a full term.

In Ohio a cost-benefit study indicated that vocational education is a worthwhile investment for individuals in society. In some States we have information indicating the tremendous value of the Cooperative Work Experience Program, for example.

In your own State there are 6,803 students involved in co-op. We don't have a figure on how much they earn, but in a State somewhat near you, there are about 38,000 students enrolled in co-op earning $65 million a year. The taxes paid on that alone are contributing to some degree to the support of vocational education.

Mr. Obey. What I would like you to do is expand more on what you think some of the achievements of vocational education have been.

Dr. Dunham. All right, sir.

[The information follows:]

Achievements in Vocational Education

Several studies have been conducted which indicate the positive effects of vocational education on participants. Findings have included:

Placement Rates : National data indicates that the placement rate of vocational education students averages about 90% with 64% in training-related fields. This correlation with training increases to 75.9% with post-secondary training.

Unemployment Rates : Project Baseline notes that the youth unemployment rate for vocationally trained students is 11.5% as opposed to the 14% national rate for all 16-24 year olds.

Obtaining Jobs : According to Beatrice Reubens' article, "Vocational Education: Performance and Potential" vocational students "obtain their first jobs more quickly and, subsequently, experience fewer and briefer spells of unemployment than others with a high school education."

Job Relation : In a study entitled "A Five-Year Follow-up of Students Enrolled in Post-Secondary Vocational-Technical-Transfer Programs," the authors noted that many non-completers also found jobs related to their aborted training. In addition, even those students not initially obtaining jobs related to their training often depart their first jobs and secure others which are training-related. Thus, the authors concluded that vocational education is a motivator which encourages persistence in job hunting.

Cost Benefits : A 1974 Ohio study examining the earnings potential of vocational program graduates with respect to graduates of other high school programs found that "vocational education in Ohio is a worthwhile investment for individuals and for society." Of eighteen vocational programs studied, all but two were found to return benefits to society in excess of resources expended on them.

Earnings : A Massachusetts study credits vocational high schools with producing male graduates who outearn their non-vocational counterparts by $1,378 per year. It further states that enrollees in cooperative education programs, consisting predominantly of vocational students, earn a good deal of additional money while in school.

Continued Education: According to Project Baseline, approximately 26 percent of secondary vocational education completers continued their education at the postsecondary level in FY 1975.

Economic Development: Data collected from several States indicates the positive value of using vocational education to encourage new industry. For example, in South Carolina, 485 firms have been attracted to the State in the last 5 years. A total of 59,351 jobs were created for which vocational education programs did the training. In Oklahoma, 432 new firms have evolved and vocational education has trained individuals for 35,901 jobs.

Mr. OBEY. The reason I ask that question is because it seems surprising to me again this year, as it did last year, that if that program is regarded as highly by you as it is, why this level of funding?

BUDGET REQUEST

Let me ask, on page 151 of the budget justifications, who writes this stuff?

Dr. DUNHAM. Several people contribute to it.

Mr. OBEY. Do you write it? Do you have this cleared through OMB before it comes up here?

Ms. BEEBE. No, we do not. The budget justifications are written in the Office of Education.

Mr. OBEY. I am talking about the same paragraph Mr. Patten was referring to earlier. Let me ask a question. Do you find anything particularly dramatic about the number 8?

Dr. DUNHAM. No, sir.

Mr. OBEY. I do not either, and that is why I am trying to figure out your statement that says that States have "dramatically increased their expenditures for vocational education." My understanding is that for 1977, the States have increased their spending on vocational education by 8 percent. If you extract from that the Administration's anticipated inflation rate, which is 7 percent, which everybody feels is underestimating the situation for the year, and if you recognize that States are contributing a larger but not the total share, that means overall spending for vocational education will grow by a little less than 1 percent, or approximately 1 percent. In other words, there will be no real growth in State and Federal contributions in fact. Because of inflation there will be a slight reduction.

Dr. DUNHAM. Given those statistics, I think that is pretty close.

STATE CONTRIBUTIONS

Mr. OBEY. I am also intrigued by your position. You said on the average that vocational education is stimulating State and local people to increase their investment in vocational eduction. You said that a few minutes ago. If you subtract Florida, which spends $33.62 for every buck the Feds contribute, or New York, which spends $14, or Massachusetts, which spends $16—with the exception of those states you have some pretty bleak numbers elsewhere in the country. In fact, if you subtract the top 10 states, you start getting down to a state like Indiana, which spends $1.73 per dollar, or a State like Kansas $3.40.

That does not seem to me to be a great effort. It seems to me that a few States are skewing your average up, so therefore those figures do not reflect what happens where most people live in the country.

You indicate on page 156 that your fiscal 1980 budget policy will be to provide, "The development, expansion and implementation of innovative programs in urban areas and isolated rural areas." When a staffer of mine talked to your shop and asked if that person could explain what your specific plans were for development in rural areas, my staffer could not get much of an explanation. What in fact in a concrete way do you have in mind to "Implement innovative programs in rural areas"?

Dr. **Dunham**. Mr. Obey, we, first of all, have in mind getting people who know a good deal more about rural education and rural problems than are currently represented on our staff to develop independent strategies which in the short term could lead to ideas such as mobile facilities, centralized facilities, transportation problems of rural youth, and economic development.

Mr. **Obey**. If you could for the record, because I have to get back to the Budget Committee, just expand for the record exactly what you are talking about so we are not just dealing with vague generalities.

[The information follows:]

Rural Education Priority

Meeting the special vocational education needs of students in rural areas has been designated as one of the prioities of the Bureau of Occupational and Adult Education. As a priority, both national leadership and national discretionary money will be exerted to develop mechanisms and strategies to ensure better delivery of vocational education programs in rural areas, as well as ensuring the relevancy of such offerings. In additon to the activities that will be developed over the next year at the Federal level for this population, several other efforts are already under way.

For example, the National Center for Reserch in Vocational Education, in consortium with the Wisconsin Vocational Studies Center, the Northern Michigan University Studies Center, the Far West Laboratory, and New Mexico State University, is funding a "National Career Guidance Communication network for Rural and Small Schools." The National Communication network operated for 15 months, responding to nearly 2,000 toll free calls and letter inquiries about current career guidance programs and resource materials. Also 25,882 volumes on rural planning and implementation were distributed. Field testing of these activities in 15 schools showed increased competencies for 50,000 in the transition from school to work.

At the State level, 2 States are furthering efforts in rural guidance. Maine is piloting an experience-based career education program for adults experiencing either chronic unemployment or remedial academic needs in a rural setting. Procedures will be to (1) establish community resources suitable as learning sites for students; (2) teach students interviewing, planning, decision-making, and careeer responsibility skills for their own learning and long-term vocational planning; (3) meet regularly with students to plan, write, and carry through community projects; and (4) run a three-day urban survival course geared especially for those who might be unfamiliar with such a setting, but with career goals that would take them there.

On the other hand, Alabama is directing its efforts at training counselors to better meet the needs of their rural population through: (1) planning and evaluation vocational guidance programs; (2) developing objectives, (3) reducing occupational sex-role stereotyping, (4) assisting girls and women in selecting careers; (5) understanding educational and vocational options; (6) placing students in jobs; (7) changing work patterns of women; (8) using specialist from industry in counseling activities; and (9) assessing individual aptitudes, abilities and achievements.

FEDERAL FUNDING

Mr. **Obey**. What percentage of Federal spending does vocational education comprise today of the total Federal budget? Isn't it in fact .13 of 1 percent?

Dr. **Dunham**. Of the total Federal budget? I do not have that figure. I would be happy to submit it for the record.

[The information follows:]

Vocational education as a percentage of the federal budget fiscal year 1979

Fiscal year 1979 total U.S. budget authority:	$559,658,000,000.

Fiscal year 1979 total vocational education budget authority.	$681,614,455.
Vocational education as a percentage of the total U.S. budget authority.	0.12 percent.
Fiscal year total U.S. outlays (estimate)...	$493,368,000,000.
Fiscal year total vocational education outlays (estimate).	$714,314,000.
Vocational education as a percentage of total U.S. outlays.	0.14 percent.

Mr. OBEY. I am after total Federal spending.

Isn't it true in fact that as a percentage of total Federal expenditures, expenditures for vocational education have been consistently declining since 1974?

Dr. DUNHAM. That is correct.

JOB TRAINING FUNDING

Mr. OBEY. What percentage of Federal spending for job training programs, for employment and training programs does vocational education comprise? Isn't it about 5 percent?

Dr. DUNHAM. I do not know that figure.

Mr. OBEY. In 1974 my figures indicate that it was approximately 18.8 percent and that today it is about 5 percent.

Dr. DUNHAM. Of the employment and training programs?

Mr. OBEY. Yes. We are spending about $12.8 billion on training and employment in this country. You have $642 million in your budget.

Dr. DUNHAM. Oh, I see what you are saying.

Mr. OBEY. I am curious about that because it costs on an average $8,400 to put one person to work under CETA, yet our total contribution for vocational education is only about $308 per student.

Dr. DUNHAM. That is correct.

Mr. OBEY. Are we getting a better buy from CETA than from vocational education?

Dr. DUNHAM. No, to the contrary, but I would point out the remainder of that expenditure for vocational education is not showing up in your figures because it is the State and local share.

Mr. OBEY. I understand that, but we have Proposition 13, which is principally concerned about property taxes. This does not get up in that area very much.

VOCATIONAL EDUCATION PERCENTAGES

Isn't vocational education only 5.3 percent of the total Federal spending for education programs?

Dr. DUNHAM. I have 5.6 percent.

Mr. OBEY. That is down from 9.1 in 1974?

Dr. DUNHAM. That is correct.

Mr. OBEY. What is the percentage of people, did you say, graduated from vocational education courses and are employed?

Dr. DUNHAM. Of those available for placement, which takes all those going to college and armed services, we are running about 90 percent, and 60 or 70 percent of those are being placed in jobs specifically related to their training.

Mr. OBEY. I would just like to comment that I think those figures show that there is not, number one, the dramatic increase in State spending for vocational education that your justifications refer to, at least certainly not in the last two years, so that means we have a no-growth policy for vocational education. In fact, vocational education, in my judgment, and evidently in yours too, is a lot better deal for the country than perhaps programs like CETA, and yet we are declining in our effort to push that program, which I do not think makes much sense if we want to be competitive in the world.

It seems to me we need to have a lot more investment in scientific and technological research and also a greater investment in people if we are to have a skilled workforce which is going to compete internationally, help the balance-of-payments problems and everything else in society. Under those circumstances I would suggest that the budget OMB has allowed you to present is a little shortsighted.

NEEDS IN URBAN AREAS

Mr. **Natcher**. Mr. Roybal.

Mr. **Roybal**. Thank you, Mr. Chairman. Under Programs for National Significance you state that one program will focus on special needs of vocational education in urban areas. Since the overwhelming majority of people live in the urban areas, why is it necessary to target such a program?

Dr. **Dunham**. With the funds available under the Programs of National Significance, we think it is absolutely essential to target money on this urban-rural problem.

We have tried to group the urban-rural issue under those 8 priorities we talked about earlier. We think we have to get more clout into these projects if we are going to get something out of them that the cities can use without great continuing Federal investment.

Mr. **Roybal**. How much money would be allocated?

Dr. **Dunham**. It depends. We have a figure proposed of $10 million for Programs of National Significance. We need to keep in mind that about $8 million of that is committed for continuing obligations required in the law. The National Center for Research in Vocational Education absorbs approximately $5 million of that ten, and at a minimum, we must spend $3 million for our joint effort with the Department of Labor for the National Occupational Information Coordinating Committee. With the resulting $2 million of that it is my intention to spend half on the urban issue.

Mr. **Roybal**. That will be $5 million spent on the urban issue?

Dr. **Dunham**. No, sir, half of the balance. I am sorry I did not make it clear.

Mr. **Roybal**. Half of the balance would be spent for that?

Dr. **Dunham**. Yes.

EQUITY IN VOCATIONAL EDUCATION

Mr. **Roybal**. Again under Programs of National Significance, you have one stressing equity and equality. How does this duplicate or complement your State grant programs that are focusing in the same area?

Dr. **Dunham**. Do you want to talk about that, Dr. Hjelm?

Dr. **Hjelm**. The $2 million that Dr. Dunham was talking about will focus on projects dealing with the CETA education issue, then with the urban issue and then with the equity issue. We have a number of projects ongoing now that these would build on, for we have very limited dollars.

Dr. **Dunham**. Part of the equity-equality issue is the sex equity issue that is also vested by the law with the states. It is just one piece of the total issue. Access, equality, equitability, getting into programs and being evenhandedly treated in those programs go well beyond the sex-equity issue.

We also want to address that with efforts on civil rights issues. We have new guidelines in the press, as you know, on civil rights issues in vocational education. We believe that it is important to take a look at things that go beyond the equity issue with respect to sex and look at the other factors limiting accessibility, of freedom to get into and out of programs, improved instruction and materials and teacher education.

Mr. **Roybal**. How much money is being allocated to this?

Dr. **Dunham**. I possibly overstated the one on urban needs. We will have for those three approximately $2 million total. I can tell you that there will be for the CETA, approximately $1 million of the $2 million, and for the urban, approximately $500,000, and for the equity and equality, $500,000.

Mr. **Roybal**. So you have five projects and you have an additional $2 million. Everything seems to be coming out of that $2 million.

Dr. **Dunham**. That is correct. For issues of national significance.

Mr. **Roybal**. Which means not too much money is being allocated for any specific purpose?

Ms. **Beebe**. Mr. Roybal, I think there is a little confusion. For this particular aspect of the program the budget request is $7 million. A major part of that is the continuation of a center at Ohio State which is funded at approximately $5 million. The center carries on a number of research and development activities as part of its program which overlap.

The urban and the sex equity issues are two of the three issues which we would be addressing independent of the ongoing effort for the Ohio center. But the Ohio center has an integrated program which directs many aspects of the vocational education program.

Perhaps, Dr. Hjelm, you could list the 5 or 6 major areas that the Ohio center would be working on.

Dr. **Hjelm**. The 6 that are legislated deal with applied research and development activities. A number of these are decided by the center itself through its advisory council and a number are directed by us for them. They also have an information clearinghouse sytem which supports the whole program improvement system in the States. They also conduct a number of planning and policy studies that will feed information to the State and to the national level on what the needs in vocational education are.

They have some themes that cut across all their efforts; such as dissemination, training policy studies, and sex equity.

REDUCTION IN POSITIONS

Mr. **Roybal**. I also see that you are losing 15 positions under the national significance program. In what areas will these positions be taken from, and what impact will the loss of these positions have on the program areas?

Ms. **Beebe**. Mr. Roybal, as you know, our total position request for the Office of Education is a net reduction from last year. We are trying to respond to the governmentwide ceiling which reduces the number of positions back to 1977 levels and to a request from the Senate Appropriations Committee which asked us to make a major reallocation of positions for all OE programs.

So, given those two themes, we have reallocated a significant number of positions throughout the Office of Education, reflecting both an overall reduction and new programmatic thrusts, including the initiation of 5 or 6 new programs. Vocational education is just one of a number of areas in OE that will be having reductions in current positions.

BILINGUAL VOCATIONAL TRAINING

Mr. **Roybal**. I have more questions on this particular subject but I will not ask them at the moment because I would like to go into something else.

Under your bilingual education training, how many programs applied for funding this year?

Dr. **Hjelm**. I can give you the number of applications that came in for that particular program. I think it was about 50 or 60 applications. I am sorry, it was 86.

Mr. **Roybal**. Can you list the programs that were not funded in the order of preference and the amount of money that was requested by each?

Dr. **Hjelm**. We could provide these for the record.

[The information follows:]

Applications Not Funded Under the Bilingual Vocational Training Program

Under the $2.8 million currently appropriated for bilingual vocational training, 10 projects have been funded for Fiscal Year 1979 to serve approximately 637 participants. In addition, 65 more applications were received but not funded. These applications, by rank order, language, number of trainees served, and funds requested are:

Rank	State	Language of Trainees	Number of Trainees	Funds Requested
11	NY	Spanish	30	$ 96,990
12	OR	Spanish	25	118,764
13	CA	Spanish	45	133,240
14	IL	Spanish	80	143,061
15	CA	Spanish	54	164,763
16	CA	Spanish	40	137,635
17	NY	Spanish	125	130,248
18	TX	Spanish	80	130,200
19	SD	Indian	30	142,698
20	TX	Spanish	32	116,734
21	NY	Spanish	200	146,808
22	TX	Spanish	120	130,045
23	FL	Haitian Creole	96	130,000
24	MD	Spanish	60	120,925
25	VA	Vietnamese	118	121,928
26	WY	Spanish	55	110,110
27	NY	Spanish, French	50	135,000
28	IL	Spanish	30	128,819
29	NY	Spanish	100	171,822
30	NY	Spanish	100	118,296
31	OH	Spanish	60	165,014
32	ME	French	100	129,500
33	CA	Chinese	80	338,890
34	CA	Spanish	100	129,923
35	TX	Spanish	50	154,594
36	MA	Spanish	50	130,000
37	UT	Indian	60	116,435
38	IL	Spanish, Korean	80	128,769
39	CA	Spanish, Asian	40	122,864
40	HI	Asian	25	78,023
41	PA	Spanish	25	140,956
42	MA	Spanish	16	144,863
43	NY	Spanish	40	73,972
44	AK	Eskimo	71	304,801
45	NY	Spanish	75	129,406
46	PA	Chinese	36	164,448
47	CA	Spanish	25	134,890
48	CA	Spanish	20	169,452
49	MA	Chinese	40	128,636
50	NJ	Portugese	170	181,480
51	RI	Portugese	15	104,262

Rank	State	Language of Trainees	Number of Trainees	Funds Requested
52	NJ	Spanish, Portugese	50	$ 105,851
53	NM	Spanish	75	127,645
54	TX	Spanish	30	125,202
55	IL	Spanish	120	147,330
56	TN	Indochinese	50	206,518
57	ME	French	40	82,857
58	CA	Spanish	40	132,192
59	CT	Spanish	30	86,848
60	CA	Spanish	100	202,707
61	SD	Indian	100	132,478
62	CA	Spanish	40	104,800
63	NY	Spanish	80	72,703
64	NJ	Spanish	36	148,250
65	CA	Spanish	200	73,624
66	DC	Spanish	50	130,000
67	UT	Spanish	80	162,630
68	AK	Indian	60	218,726
69	OK	Indian	15	143,000
70	CA	Spanish, Chinese Vietnamese	100	455,177
71	DC	Spanish	150	64,123
72	MA	Spanish, Portugese	18	132,739
73	NY	Spanish	80	475,785
74	CA	Asian	120	13,020
75	AZ	Spanish	15	130,000
		Total not funded:	4,327	$9,473,469

Mr. Roybal. How successful has the bilingual education training been? For example, I know the program at UCLA has a bilingual dental assistant training program. How successful has this program been, not only in training, but in placing individuals?

Dr. Hjelm. Our experience has been that the placement rate has been very high. In many of the programs the placement rate is 90 to 95 percent. So it is very good.

TRENDS IN ILLITERACY

Mr. Roybal. I am glad to hear that the program is working at UCLA.

One other thing. We keep reading about functional illiteracy in the adult population. Has the adult education program conducted any studies to determine if an increase or decrease has occurred in functional illiteracy among our population?

Mr. Delker. The program conducted a study released in 1975 that gives us the first reliable measure of what the functional illiteracy problem is in this country. We have not repeated that study, and perhaps in the future we will be able to re-examine the illiteracy rates through the reseach authority for the National Institute of Education. But there are no current plans to repeat that study in fiscal year 1980.

TRENDS IN BILINGUAL TRAINING

Mr. Roybal. It is estimated from 1975 to the present anywhere between five and nine million non-English-speaking people have remained in the United States. I am not sure that those figures are correct, but no one has made a study, so they are just as correct as any other figures that you may hear anyplace else. What I am getting at is, what effect does this have in the program as a whole?

Mr. Delker. Approximately 30 percent of those monies under the State grant program go into classes for English as a second language. In your State it is even higher because of the heavy English-as-second-language population. About 80 percent of the Federal monies go into those programs in California.

Mr. Roybal. In my State it would be Spanish while in other States it would be other languages spoken in Europe.

Mr. Delker. That is correct.

Mr. Roybal. Because the people coming in are not only from this hemisphere, but from all over the world, and the President is also permitting others to be coming in in large numbers, which I think will be part of a future problem if not part of the problem today, and I think vocational education is most important. Particularly if a bilingual program is part of that training. Without it, I do not think we can get anyplace.

I agree with the statement that you made, Mr. Commissioner, that adult vocational training is most important and that it is successful. As I see it—I talk only about what I notice in California—we can point to a success every day. If it is the same way throughout the country, I think any money spent in this program is well spent.

Thank you, Mr. Chairman.

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COORDINATION WITH CETA

Mr. NATCHER. Mr. Early.

Mr. EARLY. Thank you, Mr. Chairman.

Funds for vocational education are targeted as one of our national priority concerns. Within this area an additional concern is linkage between CETA and other governmental programs which assist persons who need training to contribute to the economy. In a large city in my district, under the Skill Training and Improvement Program run by the Worcester Manpower Consortium 40 CETA persons began receiving, in January of 1979, intensive training in the electronic computer technician field and 22 in the machinist field.

In August an additional 20 individuals will be enrolled in the computer course and 20 in the machinist course. Following Mr. Pursell's question, how does the vocational education program focus its employment training program with the CETA program?

Dr. DUNHAM. I would not be able to speak specifically to the sites you have pointed out, but our collaborative effort with DOL is to foster exactly what you are talking about there to see that the training is done in vocational education facilities for CETA-eligible clientele. The relationship between the prime sponsor and the local education agency is one whereby the prime sponser can collaborate with the LEA to provide education and training.

Again, I could not speak to the specific kinds of coordination and linkages they might have in your city, but in general we expect that the local director of vocational education training programs will be designing a program at the local level that will bring the CETA client into the school system rather than creating a separate training system someplace else, or it could also be connected with a private educational agency.

Mr. EARLY. I think the lack of a linkage between vocational education and the CETA program could be a problem. That is what I want to eliminate. You have some things you say you are going to do in this area. I would like to know what you are actually going to do.

Dr. DUNHAM. Let me give you the big picture and then I will get to the specifics. First, State plans for vocational education must indicate how the prime sponsors and the State education agencies are collaborating in terms of these linkages to be carried out at the local level. Second, the other major national requirement that will drive these linkages is the National Occupational Information Coordinating Committee, which gives us supply-and-demand data to be used by both the labor and education domains, the planners from both sides.

Given that for state and national collaboration, we are also trying to find out at the local level the best things that are happening out there now. We can give some citations, and perhaps yours would be one, where the 22 percent money under one of the subtitles of the Youth Employment Development Projects Act to go to State agencies is not 22 percent but 100 percent. All of the funds are being used in Prince George's County through the education system. We want to know what is happening that is causing them

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to turn the entire education and training program over to the school system.

LANGUAGE BARRIERS

Mr. **Early**. Mr. Roybal has brought up the bilingual problem. CETA has well-intended goals, but I do not know how you expect CETA to train an Hispanic if he cannot read and speak English. How are you going to assist more people, Hispanics and others, in entering the workforce?

Dr. **Dunham**. Let's go back just a little bit. The Youth Employment Developmental Projects Act was, again, levering on employment, not on education and training.

Mr. **Early**. How can an individual who cannot speak English go into a temporary or permanent job?

Dr. **Dunham**. I am not arguing that point. I am just saying CETA and YEDPA are employment oriented and education has not been a major part of it. Precisely what you are asking is, what does education have to offer? And this is: basic skills, career orientation and vocational training through the public and in some cases through the proprietary system. To get specific with you, all I can say is that the basic skills need of a CETA client can be addressed through the public schools and vocational education. The employment aspect of getting that person a job and supporting that job is a function of the Department of Labor.

PROGRAMS OF NATIONAL SIGNIFICANCE

Mr. **Early**. I am sure they can be. What I am saying is that they are not being addressed. We are getting more impressive statistics each year and less results. Among your Programs of National Significance, of 3 major projects, one project is designed to upgrade and strengthen vocational education to effectively utilize CETA resources. What are the consequences of the continued reduction in funding for Programs of National Significance in vocational education—at the $10 million versus the full 5 percent or 29 percent as called for in Public Law 94-482?

Dr. **Dunham**. The consequences are that we will be able to fund 3 projects instead of 10.

Mr. **Early**. You are going from $29 million to $10 million and you are telling me that you will do ten projects rather than three?

Dr. **Dunham**. Ten under $29 million.

Mr. **Early**. Are you going to do those ten effectively?

Dr. **Dunham**. Yes, sir.

Mr. **Early**. With less money?

Dr. **Dunham**. No, sir. That was not the question that was stated. If I had more money, I would do more projects in other priorities and would increase the emphasis on the three that are there.

Mr. **Early**. In this specific budget you have reduced funding for Programs of National Significance from the 5 percent called for in the law—from $29 million to only $10 million, and you say you are going to do more with the $10 million.

Dr. **Dunham**. No, sir, I can only do so much with $10 million. Five million is dedicated to the National Center and $3 million to NOICC. The remaining $2 million will fund three other projects. There are five others that are on my agenda which I would do if there were additional funds.

Mr. EARLY. So you are really going to do less?

Dr. DUNHAM. Absolutely.

Dr. HJELM. Basically, what happens is our funding for the National Occupational Information Coordinating Committee goes from $5 million to $3 million. The law says we shall support it from between $3 and $5 million. Funding for the center remains level. We would fund no new graduate fellowships, no new certification fellowships and no curriculum coordinating centers.

Mr. EARLY. So you are going to do less in linkage on the national significance-type projects?

Ms. BEEBE. Vocational education is not responsible for making the linkages with CETA. That responsibility resides primarily with the prime sponsors in the local communities that offer the CETA program. However, we are well aware that the prime sponsors have not had the experience in making the connections with the school programs so that the CETA participants can get the necessary basic education skills they need to balance off with their vocational training.

We have in a different part of this budget a proposal to initiate a new program, called youth employment. The principal aim is to develop procedures and mechanisms to assist prime sponsors in making those important connections with the public schools and with the state departments of education so that these two programs will work at the local level where the responsibility to work smoothly resides.

In addition, within the vocational education appropriation there are several programs that also assist in that. We have funds for State planning for vocational education and for the NOICC project. So that while we do not have an answer to your question, we know there won't be easy connections at the local level. We are aware of the problem and we are directing resources to try to find out how most effectively the connections can be made.

Mr. EARLY. That is my reservation. We provide funds, yet we still do not have a linkage. The vocational education program, STIP, as you know, is one of the best programs I thought you had, and what do you do? You eliminated it in this budget. There is a program that is working. Tell me how, Commissioner, I can go back to my constituency and tell them that we are discontinuing the program that worked, the one that took the Hispanics and underprivileged and gave them jobs.

Dr. DUNHAM. You are speaking specifically of the STIP program?

Mr. EARLY. Yes, I am.

Dr. DUNHAM. I cannot answer that question, since it is not my program.

AREAS OF LABOR SHORTAGES

Mr. EARLY. Is the vocational education community also attempting to train personnel in the electronic and computer fields which are experiencing acute labor shortages?

Dr. DUNHAM. Yes.

Mr. EARLY. Are there funds in this budget to do that? Is there money that is going to allow an Hispanic with a language problem train for that and, at the same time, learn how to speak and read English so that after the training he might go into a full-time job?

Dr. DUNHAM. Absolutely.

Mr. EARLY. An adequate amount, in your opinion?

Ms. BEEBE. It is a local choice. The state and local agencies, not the Federal Government, make the decision as to what training will occur under vocational education. As each state in its planning determines the amount it needs based on employment trends, then the funds will be directed accordingly.

STATES ABILITY TO ABSORB REDUCTIONS

Mr. EARLY. My final question within my 10 minutes: Commissioner, it is great that the Federal Government starts a program and turns it over to the States. But you say that the States are going to absorb more. You are talking about the underprivileged and the needy. Isn't it true that the States that do not have a surplus are going to be able to absorb much less? The rich are getting richer; the poor are getting poorer.

Dr. DUNHAM. What you have just described is precisely a function of the way funds are given to States through our current formula. I am pressing for new legislation containing a differentiated formula which would not allow the rich to get richer but can drive funds to the kinds of things you are intrerested in.

What the State does is something that we do have some authority over and control with respect to the State planning. For example, States must spend 20 percent of their basic grant funds for programs for disadvantaged persons. You know all these factors. What they do with these funds. specifically, we have very little control over. But that is the kind of dollar that can be used in the vocational education shop, classroom or laboratory to help that child who might not be able to read, write or compute, to achieve success in vocational programs. So, in answer to you, the money is there and it is aimed at doing exactly that, given the State plan, and the State and local implementation to carry it out.

I also want to put on the record, if I may, more information regarding the 5 percent which has had quite a bit of discussion. We did, for FY 1979 request that program at the 5 percent level. There was Congressional action subsequent to that which reduced that figure through point of order language. That is why it is back in at that same reduced level.

STATISTICS

Mr. EARLY. May I make one comment?

Mr. NATCHER. Go ahead, Mr. Early.

Mr. EARLY. Commissioner, I get disillusioned with so many people with statistics. You said 90 percent of your people go in and get jobs, or go right into jobs. That is because in vocational education you are still very restrictive in who you hire. If you went to the real disadvantaged, for example, the Hispanic who could not speak English, and gave them the opportunity to go to school, the statistics might be much less impressive but it would probably be much more productive.

TARGETING FEDERAL FUNDS

Mr. **Natcher**. Dr. Dunham, do you believe that the current law should be changed to target all of the basic State grant funds on the disadvantaged, handicapped and postsecondary students instead of the present 45 percent? How do you feel about it?

Dr. **Dunham**. Mr. Chairman, we are looking at that issue right now. I can give you my personal opinion without the benefit of further study that no, I do not believe that all of it should be targeted at special populations. Like the comment Mr. Early made about the rich getting richer and the poor getting poorer, some States need Federal assistance for basic services. I think somewhere in the middle of the issue is where we are going to come out.

Ms. **Beebe**. Mr. Natcher, one of our evaluation studies indicated that the vocational education program was very significant in directing Federal resources to the disadvantaged and the handicapped. This has been an area where State funding has not been as readily forthcoming as other areas, so we feel Federal resources are very important in serving disadvantaged and handicapped people.

HANDICAPPED

Mr. **Natcher**. In what way have Federal funds improved opportunities for vocational education for handicapped students?

Dr. **Dunham**. Our enrollment figures are up, which suggest the double impact of the handicapped set-aside, and that handicapped children are being identified and accessing programs. We have had major efforts in the curriculum modification area coming through our National Center as well as through the curriculum networks.

I cannot give you specifics on placement. I would be happy to submit that for the record. The increase in enrollment is a function of both the availability of vocational education programs and a positive response to Section 504. With the special education program, we have strongly urged that vocational education of the handicapped is not solely a function or responsibility of vocational education alone. At the State level, with respect to matching funds, State education agency funds for handicapped targeted to that area ought to be used to match those excess costs of vocational education. This has opened some doors. It is going to work, and we have more handicapped people in the programs.

Again, I would be happy to submit the information we have, which will be not too deep, I am afraid, this early before our accountability report on the placement record.

[The information follows:]

Placement for Handicapped Students

Data for fiscal year 1977 indicate that 344,041 students of vocational education, or 2.1 percent of total vocational education enrollments, were identified as handicapped. Of these, 29,171 completed vocational education programs and were available for employment, with 25,144 placed or 86.19 percent.

Ms. **Beebe**. Mr. Natcher, you will later on be hearing testimony from Dr. Martin. Under our education for the handicapped request we have a small program which is developing model projects for the handicapped particularly at the post-secondary level. These models, as they are developed and proven effective, will be used by the State and local agencies with vocational funding for these students with special needs. Thus, we are working not only on providing service money through our vocational funds, but we are also working in the education for the handicapped to develop effective ways.

Beginning with the fiscal year 1980 budget request, for the first time we will be expanding eligibility for State grant funding under the Education for All Handicapped Students Act for students from 18 to 21 who until now have not been eligible for funding, so we feel more funds will be driven.

Mr. NATCHER. What percentage of vocational education enrollment involves handicapped students?

Mr. DUNHAM. I have to do a quick calculation. It is just about 2 percent.

Mr. NATCHER. Has this percentage changed at all in the last six years?

Dr. DUNHAM. No.

Mr. NATCHER. Are the State and local agencies reluctant to enroll more handicapped youth in vocational education because of the higher average costs? Is this one of the reasons?

Dr. DUNHAM. States seem to be having trouble, Mr. Natcher, in matching the excess costs for vocational education for handicapped. Under previous regulations and law, we were able to pay half the costs of the total program. Now the new regulations require the States to match only the excess costs of vocational education with Federal money. That has caused a problem. Although enrollments for handicapped have increased, the percentage has remained relatively constant.

Mr. NATCHER. As far as the future is concerned, do you see an increase?

Dr. DUNHAM. Yes, I really do. I think one of the problems is getting a count on handicapped. But I think we are solving those problems. We are using the same criteria for identifying handicapped in special education and vocational education. I think that is making some difference. The numbers will continue to grow, with more curriculum development and teacher education. We have, for example, Mr. Natcher, on college campuses today—I think in about 20 cases—people in the teacher education area, dealing with the training of vocational education teachers and how to deal with handicapped students in the classroom. That has been going on for 5 years.

That is going to make a good bit of difference.

POST-SECONDARY PROJECTS

Mr. NATCHER. Give us a few examples of post-secondary vocational projects which have been funded in part with federal funds.

Mr. DUNHAM. Post-secondary projects?

Mr. NATCHER. Yes, vocational post-secondary projects.

Mr. HJELM. We have a number that dealt with developing instructional materials and curriculum materials with some of the new emerging occupations. A number tend to be at community college level. There have been a number of these in which the federal funds have developed instructional materials and they have been quite widely utilized throughout the community college system.

PROGRAM IMPROVEMENT

Mr. **Natcher**. You are requesting $112.3 million for program improvement and supportive services. I believe that is the same amount as last year?

Dr. **Dunham**. That is correct.

Mr. **Natcher**. Generally, how do the States use these funds?

Dr. **Dunham**. Generally they are using it in the areas provided in the law such as curriculum development, research exemplary projects, sex-equity, guidance and counseling and personnel development. Twenty percent of that $112 million must be set aside by the state for guidance and counseling. We are finding the curriculum effort probably to be the most significant area of improvement with the use of those funds by the States.

In terms of new high-quality curriculum, it represents advancing technology. Teacher personnel development programs probably come in second, then the guidance and counseling and the research and development.

Mr. **Natcher**. For the record, insert a few good examples of these program improvement projects.

[The information follows:]

State Program Improvement Projects

The mandate to mainstream the handicapped into vocational programs is a concern to all teachers and administrators. "Another Step Forward" was written by vocational and special educators at the University of Florida to help teachers better work with physically and metally handicapped students. This series of five pamphlets is designed to inform the reader about current mainstreaming legislation, ways to maintain a barrier-free environment, characteristics of various handicapping conditions, and evaluation and job placement of the handicapped student.

"Expanding Career Horizons" is a mixed-media vocational curriculum package developed by the Illinois Office of Education which creates awareness of and helps eliminate both male and female sex role stereotyping. Employing a variety of teaching methods, it can be used at either the secondary or postsecondary level. The package has been designed to help practitioners meet the requirements of Title IX and the Educational Amendments of 1976 by helping students open their thinking to consider any occupational field, traditional or nontraditional.

Planning and evaluation are central to program improvement. "Cost Effectiveness/Benefit Analysis of Postsecondary Vocational Programs" was developed under the sponsorship of the Indiana State Board of Vocational and Technical Education to help administrators plan, conduct, and implement the results of a cost-effectiveness/benefit analysis for their specific local programs. It incorporates program objectives, target goal statements and a program cost analysis scheme, and produces three kinds of kinds of cost-effectiveness/benefit measures for secondary or postsecondary program evaluation.

There is also considerable developmental work undertaken in areas of competency/performance-based instruction. Much of this work is occupation-specific such as nursing assistant (West Virginia), machine trades (Indiana), and legal secretary (New Jersey). Wisconsin funded a project to articulate competencies developed in high school business occupations programs with competency-based business education in technical institutes; and Indiana made a contract to improve Cable TV by performance-based instruction.

State Program Improvement projects also seem to be increasingly targeted at curriculum for changing occupations including: careers in criminal justice (Missouri), employer-based automotive training (Kentucky), Core curriculum in electronics (North Dakota), health occupations curriculum guide (Massachusetts), and engineer-services (Illinois).

The "Vocational-Technical Education Consortium of States" (V-TECS) is a cooperative effort involving sixteen State Divisions of Vocational Education, the Air Training Command U.S. Air Force, and the U.S. Naval Education and Training Command. V-TECS encourages and promotes the adoption of performance-based instruction in vocational-technical education programs through research and development efforts. The "Mid-America Vocational Curriculum Consortium" (MAVCC) provides services involving priority determination of curriculum needs and joint purchase and development of curriculum supplies and products, as well as the development of coalitions with business, industry, and other private agencies or foundations to support these project efforts.

GUIDANCE AND COUNSELING

Mr. **Natcher**. What are your findings concerning the effectiveness of vocational education guidance and counseling programs in secondary schools?

Dr. **Dunham**. That issue, Mr. Natcher, is very much related to the problem of not being able to make available at the local and school and community college level up-to-date career information. That is a big issue. We have no specific data on that program since funds are driven through the State education agencies to schools, without having to be reported. There really are not any hard data. An interesting issue that relates to this is that under the NOICC charge a career information system is to be developed. I think that will make a lot of difference in this area, but I cannot give you specific data at this time.

NOICC

Mr. **Natcher**. What results have been gained in developing better data on labor market needs from the network of occupational information coordinating committees?

Dr. **Dunham**. The present status of that looks very healthy. In at least half of the states we have full-blown State occupational coordinating committees working. Some of the specific information I have seen——as a member at the federal level——is that they have computer-based programs in place in probably 16 States that are drawing information from various sources—BLS, employment security, vocational education, the general population statistics information—and bringing it together so in these States we have demand data on jobs, clusters of occupations and from the VEDS system enrollment and completion data. Coming forward this year for the first time we will also have the supply side.

A number of workshops have taken place. As a matter of fact, the first national meeting of the State coordinators or directors of those systems is meeting in Biloxi, Mississippi, and the NOICC will provide the SOICCs a new workbook on the data system. So I think we are making some progress. I hope we can come back to you next year and give you very specific accomplishments of the NOICC/SOICC system. That has been a long time in coming. I think it is working. As I sit in the meetings I find excellent staff working hard to bring all these things about. I think we are finally going to have a good system which both the Department of Labor and the Department of HEW can use with great reliability.

NATIONAL RESEARCH CENTER

Mr. **Natcher**. How much do you have in the budget for the National Center for Research in Vocational Education?

Dr. **Dunham**. Approximately $5 million.

Mr. Natcher. Does your office control the national center's activities?

Dr. Dunham. In the sense that we contract with them. We do have a site monitor, a member of our staff who is the liaison to the center. I would not say we control them. I would say that we fund them, we contract with them to perform certain activities and we visit with them regularly. We have very close working relationships with Dr. Taylor on that staff and we seem to be going in the same direction.

Mr. Natcher. Mr. Conte.

Mr. Conte. Last year on the floor with my colleague Congressman Michel, I expressed interest in the National Center for Research in Vocational Education. I have heard there is little or no money being allotted to this program. We discussed $5.5 million last year on the floor. Is there money in there?

Dr. Dunham. Yes, sir, $5 million now. With 5 percent for Programs of National Significance, it could go to $6 million.

Mr. Conte. Do you think the center can operate effectively with that money?

Dr. Dunham. I think they can at the $5 million level. It will not allow for expansion of a nationwide system.

DISADVANTAGED

Mr. Conte. Before I ask some questions I would like to get some statistics in the record. I would like to start with special programs for the disadvantaged. Are you having a positive impact with that program? What data do you have to support that?

Dr. Dunham. Outcome data is a little hard to come by with respect to our data system. This money, as you know, is 100 percent money and does not tend to have the lasting impact in the state that 50-50 match money has, but it is getting at places where there are serious problems. This tends to impact on the urban centers more heavily than the other areas. In my own personal experience in the city of Baltimore this program made a lot of difference in terms of opening access to disadvantaged young people, dropouts and juvenile offenders.

Ms. Beebe. I would like to point out, Mr. Conte, we do have an evaluation of that program which I think provides some very interesting information on who is participating in that program and what they are doing. It shows that the program has been effective and particularly that we have been able to offer these programs at a very low cost compared to other programs. We have had an 83 percent completion rate from the program and employers who have hired the graduates of these programs have had an overwhelmingly favorable attitude toward the productivity of the individuals who they have employed.

Approximately 47 percent of the enrolees in these programs at the secondary level have been employed in programs which are related to work situations in their community and have had favorable experiences.

I would like to submit for you the results contained in our annual evaluation report which I think show this program is effective.

Mr. Conte. Very good. We will do that for the record.

[The information follows:]

Study of Vocational Programs for Disadvantaged Students*

A recent study assessed programs for the disadvantaged under the State set-aside grant program and Part A, Section 102(b) providing 100 percent funding of vocational education programs for the disadvantaged. The study involved 23 States, 77 communities including 55 local education agencies and 22 community college districts. Eighty-four projects were visited, including 62 secondary and 22 postsecondary.

Findings indicate that State and local administrators have difficulty in interpreting the congressional definition of "disadvantaged" because: (1) they see an apparent conflict between the identification of students on an individual basis and the designation of target areas or groups; (2) they cite the existence of allegedly conflicting definitions of "disadvantaged" contained in laws other than the Vocational Amendments of 1968; and (3) local administrators indicate they are unwilling to "label" students as disadvantaged. The most common criteria used to identify disadvantaged students was academic, that is, students who are one or more grade levels behind their peers.

The vast majority of the Federal funds were used to hire staff who work directly with students. Only a small portion of funds were used to hire administrative personnel and the result appeared to be that the program suffers from lack of planning and monitoring at all levels.

The States generally had only one person supervising these programs and little time was available for planning, monitoring or evaluating programs. In States where education agencies were subdivided into regions, program monitoring and evaluation appeared to be more complete and program officers were familiar with the programs. Sixteen of the 23 States, 70 percent, required local education jurisdictions or schools to submit proposals to the State, according to established guidelines, and funded projects on the basis of the quality of the proposals and the ability of the sponsors to carry out the projects. The other States funded on a block grant formula basis to a local education jurisdiction.

The major constraints in developing programs mentioned by respondents at all levels were: lack of funds, lack of facilities, unwillingness of some instructional personnel to accept disadvantaged students into their classes, the negative image of vocational education and ambiguity of the term "disadvantaged student."

About 46 percent of the enrollment in high school projects was minority; characteristics information by race and ethnic background was not available for 51 percent of the postsecondary enrollment. Of the known postsecondary-level enrollment, 22 percent were minority and 27 percent white. Women comprised a slightly higher percentage of the total high school enrollment than men; the opposite was true at the postsecondary level. However, characteristics by sex were unavailable for 34 percent of the postsecondary enrollment.

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*Annual Evaluation Report on Programs Administered by the U.S. Office of Education Fiscal Year 1977, prepared by the Office of Planning, Budgeting and Evaluation, Office of Education, Department of Health, Education, and Welfare, Washington, D.C. (pp. 411-413).

The fact that half of the project directors interviewed did not believe that the students enrolled in their classes were disadvantaged raises serious questions. At the school level, little criteria existed for identifying disadvantaged students and a corresponding lack of adequate assessment procedures for determining the conditions which cause school failure.

Nearly half of the secondary enrollment (47 percent) were in world-of-work projects; 47 percent of the postsecondary-level students were enrolled in remedial programs. The latter were often enrolled in skills training programs not funded out of Part B set-aside or Section 102(b) funds. In such cases, disadvantaged funds were being used to support students enrolled in regular programs.

Almost half of the high school students were enrolled in work experience programs, indicating that it was not difficult to place disadvantaged students in work situations. However, the vast majority of students enrolled in work experience programs (86 percent) were not receiving skills training in school.

According to the 442 work experience students interviewed, the tasks they were performing on-the-job were in low-skill, low-pay, and high-turnover occupations. For example, 78 percent of the tasks listed in the food service category were waitress, food handlers, busboys and diswashers; 44 percent of the tasks listed under car maintenance were service station attendant, wash cars, and park cars; 80 percent of the jobs listed under child and hospital care were to take care of patients (give baths and so on) and child care or babysitting.

There are positive outcomes for the programs. Program costs at $395 per enrollee (Federal Costs) and $401 per enrollee (combined Federal, State and local) were low. The average completion rate (83 percent) was high. The student participant ratings of the programs were overwhelmingly favorable and the employer ratings of the programs and their student employees were also favorable. Administrators generally attribute the favorable rating of students to the fact that enrollees do receive attention they have not received elsewhere.

UNEMPLOYMENT RATES

Mr. **Conte**. Do you also have statistics on the unemployment rates for vocational education graduates? I feel these programs are very cost effective in terms of guaranteeing long-term employment.

Dr. **Dunham**. The only statistic I can give you which I mentioned earlier is the one wherein the average rate of unemployment of youth based on a 1976 study—and clearly it has gone up since then—was 14 percent in the 16-to-24 range. In that set of data those who had completed vocational education programs were unemployed at 11½ percent, or about 3½ percent less than the general population.

Mr. **Conte**. I would imagine it is even better than that.

Dr. **Dunham**. I would hope it is, but those data are hard to come by.

Mr. **Conte**. Couldn't you just survey all the vocational education institutions and ask them?

Dr. **Dunham**. We will be getting that data from the vocational education data system this year for the first time. I would put in the record again that the placement rate figures of those available for placement, which is approximately 57 percent of the completers is 90 percent with 64 percent of that 90 percent placed in jobs related to their training.

Ms. **Beebe**. I think it is important to note that a spinoff consequence is that many of these students pursue advanced education. This is an important stimulant in broadening the opportunities and perspectives of what is available. We not only have made goals of employability accessible, but have opened up a whole range of educational opportunities to students who did not feel they had this before they took this training.

Dr. **Dunham**. I am hopeful we can get acceptance for data that says it is as important in many cases to go on for training at the post-secondary level and include that as part of our placement rate data. The primary purpose of secondary vocational education is not to train to a specific job but to make people ready for employability. Out of those going on to post-secondary programs, the placement rate for those employed in the area they are trained for increases from 64 percent to 76 percent. That, to me, provides great value in crediting vocational education that we do not talk about.

Mr. **Conte**. I think it is very important.

Is your National Occupational Information Coordinating Committee proving to be useful in placing qualified students in jobs which open up?

Dr. **Dunham**. The NOICC effort really does not have that much to do with placement. Placement is a function of the local and State education effort. The placement data that comes up through that system will be used as part of the planning process. NOICC per se does not have a function of placement. It is a coordinating body for data that will give us information that will help us improve placement rates because we have a better idea of where the jobs are for the young people and adults being trained for those jobs.

BILINGUAL VOCATIONAL TRAINING

Mr. **Conte**. Does the bilingual vocational education emphasize most heavily vocational education or language training? What coordination is there between you and the bilingual education programs run by other parts of HEW?

Dr. **Dunham**. There is close coordination in this area. I would like Dr. Hjelm to give you more specific information about the weighting of the bilingual education training versus the vocational education as well as some of the linkages.

Dr. **Hjelm**. I should mention that students in the projects are limited English speakers who cannot benefit from vocational education training programs offered in English. They are brought up to handle English especially in the subject in which they are receiving their training so that they are able to be placed in jobs and work in an English environment. When they leave the training program, they are able to handle English on the job.

As far as relationships with the bilingual program, of course, we have a lot of communication with our staff and their staff, and we report annually to the National Advisory Council on Bilingual Education.

ILLITERACY IN THE UNITED STATES

Mr. **Conte**. Do we have any statistics to show how many adults are illiterate in the United States?

Ms. **Beebe**. Yes. We can provide that for the record.

[The information follows:]

Illiteracy in the United States

In 1975, the results of a four year study on functional illiteracy in the United States were made public. Unlike previous measures of illiteracy, however, this study defined literacy requirements as the ability of an adult to apply skills to five areas of knowledge needed to function in society. Called the Adult Performance Level study, this report measured adults in the United States against a series of life-related tasks that they were typically expected to perform.

The research revealed that one out of every five adults in the U.S. is functionally illiterate. This means that a total of 23 million adults in this country lack the skills and knowledge necessary to function in the everyday situations in which they find themselves.

REACHING ADULTS

Mr. **Conte**. Is there evidence your adult education program is seeking out adults who need help and helping them? In what manner are you made aware of adults who need this type of service?

Mr. **Delker**. In terms of referral service, Mr. Conte, we have a network of adult learning centers throughout the country which the states have developed over the years. These provide a number of linkages to programs such as the Work Incentive Program, the CETA program certainly, and I have visited centers where no less than 10 sources of funding from these other programs were being brought into the centers so adults referred there could not only receive basic education but counseling that supported them in their efforts in CETA or in their efforts to be removed from welfare.

The programs which have been able to identify those people removed from welfare show about two percent, or about 20,000 adults, improve their economic status. We think that the economic data and gain to people in the program is far greater than the States and locals are able to report because they do not have the resources to follow up individually on many of these adults.

IMMIGRANT ADULT EDUCATION

Mr. **Conte**. Even two percent is significant. I served for 20 years on the Foreign Aid Committee. About 18 years ago I went to Israel and visited the refugee camps in the Gaza Strip and the West Bank. I came back and pushed very hard to establish some vocational education schools. If we teach them a trade, we are going to get them out of their camps and the squalor they were in. It proved fairly effective.

I mention that because I notice in the justification that there is no money in there for emergency adult education, for instance, for Indochinese refugees, and there is no money in there for adult education programs for immigrants.

I would imagine that these are two very important vital areas especially with the Vietnamese who are coming over here, the refugees, to teach them a trade, have them become worthwhile workers. How come you are not asking for any money here?

Mr. **Delker**. You are referring to two new authorities in the 1978 amendments, the Indochinese and the new immigrant authority.

Mr. **Conte**. Right.

Mr. **Delker**. I will respond to the Indochinese first, if I may. The money in this year's budget, if we were to request funds, would become available in 1980-1981. In the current year's budget the Congress added $10,250,000 to the State grant program, which is the exact amount which the year previously it made available for Indochinese programs. So the Congress has given the State grant program the resources to continue educating Indochinese and we think that is wise.

In the budget which will provide funds beginning July 1, there is another increase of over $9 million, and those monies can be used on behalf of Indochinese and immigrants as well. So we think by 1981 Indochinese adults are not going to be a special-need population. That is why we have requested no funds under that authority.

With regard to immigrants, they have not been a neglected population. The Immigration Service tells us that approximately 75 percent of the 400,000 legal immigrants entering the U.S. each year require English language instruction. As I mentioned in response to some of the earlier questions, 30 percent of the national funds goes toward people who are English as second-language participants, so we know they are being well served.

The 1978 amendments for the first time single out immigrants as a population to which the States in their State plans must give special consideration. So we think it is wise to let the States make their needs assessment specifically for immigrants, and identify the resources available to them before initiating a separate Federal program.

If State plans, which are due to us in July, indicate any serious lack of resources, then we will take that into consideration in next year's budget.

Mr. CONTE. I think that is a fair answer.

Could you also supply for the record, in closing, how many Indochina refugees have been served under the adult education program?

Mr. DELKER. Be glad to.

[The information follows:]

INDOCHINA REFUGEES SERVED UNDER THE ADULT EDUCATION PROGRAM

Approximately 20,000 Indochina adult refugees have received English as a second language instruction, basic reading and mathematics and job-related training and career counseling.

Mr. CONTE. Thank you, Mr. Chairman.

[The following questions were submitted to be answered for the record:]

CONSUMER AND HOMEMAKING

Mr. NATCHER. For consumer and homemaking education, the budget request is $43.5 million, the same as last year. What is the percentage distribution of enrollment in this program between male and female?

Dr. DUNHAM. Based on prior year reports, the male enrollment for this program is estimated to be about 30 percent in 1980.

Mr. NATCHER. Has this distribution changed much over the years?

Dr. DUNHAM. Yes, indeed, the percentage of males and females enrolled in consumer and homemaking education programs has changed over the years. Ever since the Vocational Education Amendments of 1968 were enacted, there has been a steady increase in the number of males enrolling in consumer and homemaking education programs. For example, in Fiscal Year 1972, males were 8 percent of the enrollment; in 1977, they were 22 percent; and for 1980 they are estimated at 30 percent. Even this represents a national aggregate with individual States actually enrolling: 25 percent in Kentucky, 28 percent in Texas and Oregon, 30 percent in California, 32 percent in New York, and 37 percent in Maryland in 1979.

Moreover, the percentage of males served by selected specialized consumer and homemaking education programs may be even higher. In Fiscal Year 1979, the Parenthood Education program in Kentucky had 45 percent males, while in Texas 57 percent of the enrollment were males. In Consumer Education, California's enrollment reflected 60 percent males while Texas had 69 percent. These examples are merely reflective of the steady increase of males being served by consumer and homemaking education throughout the nation.

Mr. NATCHER. Is the enrollment in consumer and homemaking education primarily at the secondary level?

Dr. DUNHAM. While the percentage of persons enrolled in consumer and homemaking education at the secondary, postsecondary, and adult levels has remained fairly constant, the numbers of persons participating at these levels has significantly increased. For example, in 1972, 665,635 persons were enrolled as adults as compared to 805,488 in Fiscal Year 1977. At the postsecondary level, 30,723 were enrolled in 1972 and 44,342 in Fiscal Year 1977.

Mr. NATCHER. How does this program provide opportunities for paid employment in consumer and homemaking education?

Dr. DUNHAM. Consumer and homemaking education programs are not authorized to prepare persons for paid employment, but rather for the "occupation" of homemaking. But even though the consumer and homemaking education program does not specifically prepare youth and adults for paid employment occupations, the program may enhance the employability of enrollees by preparing and assisting them in: improving management of resources; better understanding consumer education, nutrition education, and parenthood education; and encouraging males and females to combine the roles of homemakers and wage earners by developing skills in management of home and a job. In short, consumer and homemaking education seeks to improve the quality of living, family life, and individual development by providing the opportunities for individuals and/or family members to develop living, coping, survival, and managerial skills essential for successful performance on the job, in the home, or in the marketplace.

On the other hand, Section 120 under the Basic Grant program does specifically prepare males and females for paid employment in fields related to consumer and homemaking education. These fields include child care and guidance management and service occupations; food management, production and services; home furnishings, equipment and services; institutional, home management and supportive services for the aged; and clothing apparel and textile management, production and services.

In addition, Subsections J, K, and L of Subpart 2, Section 120 (P.L. 94-482) suggest additional possible areas of expenditure of Federal funds in preparing persons who have primarily been homemakers with employable skills. These initiatives would also be conducted under the Basic State Grant funds for vocational education. These activities include: support services for women entering fields previously limited to men; day care services for children of students in secondary and postsecondary programs; and vocational education for persons who are single head of households or primarily homemakers who must seek employment.

CORRECTIONAL INSTITUTIONS

Mr. Roybal. How much money is being spent on programs that target on "high risk" populations in correctional institutions?

Dr. DUNHAM. Althoug vocational education monies can be used to support programs in correctional institutions, there is no current provision in our reporting system for collecting this type of data. We do know, howeverl, that both vocational education programs and consumer and homemaking education programs are providing such services.

Mr. Roybal. Are any programs specifically targeted on the released ex-convict and the problems he has in gaining employment?

Dr. DUNHAM. Under the basic grant program, the States have the discretion to fund such programs. Because we feel that more attention needs to be directed to this area, however, we funded a research project last year out of our national discretionary program which is to assess the quality of vocational education programs and opportunities in State prisons.

ADULT EDUCATION

Mr. NATCHER. For the adult education program, the budget is $90,750,000, a reduction of $9,250,000. What is the total enrollment in adult education programs across the country at the present time? Give us your best estimate.

Dr. DUNHAM. At the present time, we estimate that there are 1,992,000 participants in adult education programs across the country.

Mr. NATCHER. What percentage of the total adult population would that amount to? About 12 percent.

Mr. NATCHER. The total eligible population under the Adult Education Act—that is those who have not completed high school or its equivalent—is estimated as approximately 52 million persons. The number currently participating in adult education programs equals approximately 4 percent of this number.

The priority population served by our programs—those who are functionally illiterate—totals 23 million adults. Those currently participating constitute about 8.6 percent of this group.

Mr. NATCHER. What is the Federal share of the total cost of providing adult education in the United States?

Dr. DUNHAM. In the last year for which complete data are available, the Federal share of adult education costs was 63 percent with State and local funds supplying 37 percent of the cost. The State and local percent has been rising nationally at the rate of approximately 2 percent per year. We estimate that for the current year the Federal share of $90,750,000 provides 59 percent of the cost with State and local funds supplying 41 percent of the total cost or $63,000,000.

Mr. NATCHER. What evidence is available to show the effectiveness of adult education in reducing functional illiteracy?

Dr. DUNHAM. For several years, data have been collected from the States illustrating the impact of the program on employment prospects of participants and on their ability to function in other areas of society. Based on these data, we estimate that in the current program year, as a result of this program, 1,530,000 adults will improve their basic skills and function more effectively as manifested by such things as obtaining employment or a better job, being removed from welfare, registering to vote for the first time, obtaining U.S. citizenship, acquiring a driver's license, completing income tax forms, and increasing competency in English as a second language. Many participants will also continue their educational growth by entering other programs.

Of these 1,530,000 participants, 210,000 will formally complete the eighth grade level and another 187,000 will complete the high school level or its equivalent.

Mr. NATCHER. Are most of the adult education courses directed toward occupational training rather than helping people obtain a high school diploma or its equivalent?

Mr. DURHAM. Neither of these is quite the focus. Most adult education programs are directed at assisting adults in acquiring the basic skills necessary to function in all aspects of society. These basic skills are prerequisites for entering training for employment, for functioning as consumers and for participating as citizens of neighborhoods and communities. As a result, basic skills are taught in the context of the individual adult's goals with emphasis on those areas of knowledge most needed. Thus, for those seeking employment or a better job, basic skills instruction is career and job-related, while for those seeking to better manage a home and family, instruction is related to those areas. For those seeking a high school diploma and further academic study, instruction may result in a high school diploma.

Mr. NATCHER. From the chart on page 170 of your budget book, it is evident that the adult education program is reaching more older people (55 and over) but serving less young people. Why wouldn't it be better to reverse this and help more younger people?

Mr. DURHAM. The number of younger adults participating in the adult education program has steadily increased each year. In 1967, those below age 25 made up 27 percent of those participating. In 1977, they were 41 percent of a much larger body of participants.

In fact, the Age Discrimination Study released by the U.S. Commission on Civil Rights in December 1977, explicitly cited the Adult Education program as discriminating toward adults 55 and older in favor of the younger population. The study recommended that the U.S. Office of Education develop outreach mechanisms to help State Education Departments find and serve the approximately fifteen million persons who are 55 and older.

STATE PLANNING

Mr. NATCHER. The budget for State planning grants is $5 million. Why can't the States use administrative funds under their basic grant for State planning? Is there any problem in doing that?

Mr. DURHAM. While States may use administrative funds under the basic grant for State planning, these dollars are limited by the amount of State funds available for matching the Federal funds. Most States are experiencing great difficulties in obtaining increased State appropriations to match Federal dollars spent on administration, for in fiscal year 1980, the States must provide 50 percent of the total administrative costs. In addition to the problems of matching, increased responsibilities were placed on the States under the new legislation for planning, evaluation and data collection which have placed a tremendous financial burden on the States.

IMPACT OF REDUCED LEVEL FOR R&D

Mr. O'BRIEN. What are the consequences of continued reduced funding for Programs of National Significance in vocational education at the $10 million level versus the full 5 percent of $29 million as called for in Public Law 94-482?

Mr. DURHAM. This funding level would delay the development of a "national" system of program improvement in vocational education. These Federal dollars are used to level State program improvement dollars by producing information and instructional materials that can then be installed or adopted at the local level with State grant dollars. Most of the $10 million request would be used to support legislatively mandated activities. The remaining funds would be used for a minimum number of projects of an innovative or exemplary nature for replication.

More specifically—first, there would be level support for activities conducted by the National Center for Research in Vocational Education, especially in areas of dissemination, inservice training for State and local staffs, evaluation design and priority needs identification. Second, support for the National and State Occupational Information Coordinating Committees would be reduced from $5 million to $3 million. Third, no new awards would be made for fellowships to develop leadership personnel. Fourth, there would be no funds for the national network of six curriculum coordination centers. Finally, $2 million would be available to fund 3-5 projects of National Significance.

[The justification submitted by the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Occupational, Vocational, and Adult Education

Fiscal Year 1980 Budget

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Appropriation Estimate

Occupational, Vocational, and Adult Education

For carrying out, to the extent not otherwise provided, section 523 of the Education Amendments of 1976, the Vocational Education Act of 1963, as amended, and the Adult Education Act, [$774,453,000] *$765,203,000* of which $10,000,000 for Part B, subpart 2 of the Vocational Education Act shall remain available until expended:. *Provided,* That the amounts appropriated above shall become available for obligation on July 1, [1979] *1980,* and shall remain available until September 30 [1980] *1981,* unless otherwise specified herein: *Provided further,* That not to exceed $112,317,000 shall be for carrying out part A, subpart 3 of the Vocational Education Act.

Language provision	Explanation
...of which $10,000,000 for Part B, subpart 2 of the Vocational Education Act...	Section 103(a)(1)(A) requires that five percent of the total amount for Basic Grants, Program Improvement, and Programs of National Significance shall be reserved for Programs of National Significance. This language is proposed to specify an amount less than that required by the basic law. This is consistent with the Congressional action in the fiscal year 1979 appropriation.
...*Provided further*, That not to exceed $112,317,000 shall be for carrying out Part A, subpart 3 of the Vocational Education Act.	Section 103(e) requires that 20 percent of the total amount for Basic Grants, Program Improvement, and Programs of National Significance shall be used for Program Improvement. This language is proposed to specify an amount less than that required in the basic law. This is consistent with the Congressional action in the fiscal year 1979 appropriation.

Amounts Available for Obligation

Appropriation:	1979	1980
Annual	$774,453,000	$765,203,000
Permanent	7,161,455	7,161,455
Subtotal, appropriation	781,614,455	772,364,455
Unobligated balance, start of year	171,031,129	---
Total obligations	952,645,584[1]	772,364,455

[1] The Vocational and Adult Education appropriation is advance funded. Therefore, funds for the 1978-79 school year were made available for obligation in the last quarter of fiscal year 1978. Approximately $171 million from the fiscal year 1978 appropriation was carried forward into fiscal year 1979.

Summary of Changes

1979 Estimated budget authority	$781,614,455
1980 Estimated budget authority	772,364,455
Net change	- 9,250,000

	1979 Base	Change from Base
Decreases:		
Program:		
1. Adult education—reduce Federal support since increases in State and local support are expected to continue and will help offset the proposed budget reduction	$100,000,000	-$9,250,000
Total decreases		- 9,250,000
Net change		- 9,250,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Vocational education:			
a. State grants and innovative programs			
(1) Basic grants.................	$474,766,000	$474,766,000	---
(2) Program improvement and supportive services.............	112,317,000	112,317,000	---
(3) Programs of national significance:			
(a) National Occupational Information Coordinating Committee...............	3,000,000	3,000,000	---
(b) Programs of national significance	7,000,000	7,000,000	---
b. Special programs for the disadvantaged.....................	20,000,000	20,000,000	---
c. Consumer and homemaking education.	43,497,000	43,497,000	---
d. State advisory councils...........	6,073,000	6,073,000	---
e. Bilingual vocational training.....	2,800,000	2,800,000	---
f. State planning grants.............	5,000,000	5,000,000	---
g. Permanent appropriation...........	7,161,455	7,161,455	---
Subtotal, Vocational education..	681,614,455	681,614,455	---
2. Adult education........................	100,000,000	90,750,000	-$9,250,000
Total budget authority...........	781,614,455	772,364,455	- 9,250,000

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Other services............................	$ 7,519,000	$ 5,950,000	-$1,569,000
Grants, subsidies and contributions.......	774,095,455	766,414,455	- 7,681,000
Total................................	781,614,455	772,364,455	- 9,250,000

Significant Items in House and Senate Appropriations Committees Reports

Item	Action taken or to be taken
1979 Senate Report	
CETA and Vocational Education	
1. The Committee directed the Secretary of Labor and the Secretary of HEW to conduct a thorough review of public employment and vocational education programs to determine if students in vocational education programs are quitting school to take CETA or Youth Jobs positions. The Secretaries should jointly submit their findings and possible recommendations on this issue to the Committee no later than December 1, 1978.	1. A report was completed and sent to the Committee in December. In summary, the report concluded there is little validity to reports that CETA prime sponsors are enticing students to quit school to enter CETA programs and that this is clearly not a current problem warranting further special national attention.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Occupational, Vocational, and Adult Education:				
1. Vocational education:				
a. State grants and innovative programs:				
(1) Basic grants (Vocational Education Act, Part A, Subpart 2)	$896,800,000	$474,766,000	$1,007,000,000	$474,766,000
(2) Program improvement and supportive services (Part A, Subpart 3)	224,200,000	112,317,000	251,750,000	112,317,000
(3) Programs of national significance:				
(a) National Occupational Information Coordinating Committee (Section 103)..	5,000,000	3,000,000	5,000,000	3,000,000
(b) Programs of national significance (Part B, Subpart 2)......	59,000,000	7,000,000	66,250,000	7,000,000
b. Special programs for the disadvantaged (Part A, Subpart 4)............	45,000,000	20,000,000	50,000,000	20,000,000
c. Consumer and homemaking education (Part A, Subpart 5)............	75,000,000	43,497,000	80,000,000	43,497,000
d. State advisory councils (Section 105)..........	9,000,000	6,073,000	10,000,000	6,073,000
e. Bilingual vocational training (Part B, Subpart 3)............	80,000,000	2,800,000	90,000,000	2,800,000
f. State planning grants (VEA, Section 102(d)...	25,000,000	5,000,000	25,000,000	5,000,000
g. Permanent appropriation (Smith-Hughes Act).....	7,161,455	7,161,455	7,161,455	7,161,455

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
2. Adult education (Adult Education Act)............	$230,000,000	$100,000,000	$250,000,000	$ 90,750,000
Unfunded authorizations:				
Emergency Assistance for remodeling and rennovation of vocational education facilities (VEA, Part B, Subpart 4).................	50,000,000	---	75,000,000	---
Research, development dissemination, evaluation and information clearinghouse (AEA, Section 309)..........	1,500,000	---	2,000,000	---
Emergency Adult Education Program for Indochina Refugees (AEA, Section 317)	Indefinite	---	Indefinite	---
Adult education program for immigrants (AEA, Section 318).........	Indefinite	---	Indefinite	---
Total BA......................		781,614,455		772,364,455
Total BA Against Definite Authorization............	1,707,661,455	781,614,455	1,919,161,455	772.364,455

Occupational, Vocational, and Adult Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$327,116,000	$ 508,616,000	$ 538,616,000	$ 417,946,000
1971	445,491,000	495,991,000	499,901,000	499,741,000
1972	444,416,000	545,546,000	589,916,000	556,531,000
1973	556,531,000	599,321,000	681,056,000	640,124,000
1974	549,631,000	607,045,000	662,922,000	599,880,000
1975	663,275,000	667,275,000	712,012,000	692,437,000
1976	590,506,000	628,937,000	655,637,000	629,488,100
Transition Quarter	134,000,000	134,000,000	134,000,000	134,000,000
1977[1/]	786,293,000	1,150,048,000	1,158,408,000	1,153,908,000
1978	667,412,000	725,750,000	725,750,000	725,750,000
1979	718,750,000	766,007,000	787,456,000	774,453,000
1980	765,203,000			

1/ Includes additional amounts for support of programs shifted to an advance appropriation cycle during that year.

Justification

Occupational, Vocational, and Adult Education

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Vocational education:			
a. State grants and innovative programs:			
(1) Basic grants.................	$474,766,000	$474,766,000	---
(2) Program improvement and supportive services............	112,317,000	112,317,000	---
(3) Programs of national significance:			
(a) National Occupational Information Coordinating Committee................	3,000,000	3,000,000	---
(b) Programs of national significance.............	7,000,000	7,000,000	---
b. Special programs for disadvantaged	20,000,000	20,000,000	---
c. Consumer and homemaking education.	43,497,000	43,497,000	---
d. State advisory councils...........	6,073,000	6,073,000	---
e. Bilingual vocational training.....	2,800,000	2,800,000	---
f. State planning grants.............	5,000,000	5,000,000	---
g. Permanent appropriation...........	7,161,455	7,161,455	---
Subtotal, Vocational Education..	681,614,455	681,614,455	---
2. Adult education......................	100,000,000	90,750,000	-$9,250,000
Total, budget authority.........	781,614,455	772,364,455	- 9,250,000

General Statement

Federal support for Vocational and Adult Education contributes to the goal of bridging the gap between education and work such that all Americans will have the skills and training required to seek and secure gainful employment. Specific objectives for this Federal program include:

1) expanding the accessibility to and availability of Vocational and Adult Education programs;
2) promoting the linkage of community resources to these programs;
3) encouraging the optimal utilization of financial, physical and human resources in these programs; and
4) advancing excellence in Vocational and Adult Education programs.

For fiscal year 1980, $772 million is requested to assist States in the operation of these two programs as well as to conduct projects of national interest. $682 million is requested for Vocational Education, the same level as 1979, and $91 million for Adult Education. Approximately 20 million students will be served by these two programs in 57 States and Territories. This represents a 300 percent increase in enrollments over the last ten years. The last ten years have been a time of expansion for these two programs. Federal funds have grown from $268 million in 1968 to $782 million in 1979. More importantly, however, States have dramatically increased their expenditures for these programs. Total expenditures for Vocational Education including State and local funds have gone from $1.4 billion to over $5 billion, with the Federal share decreasing from 19 percent in 1969 to about 11 percent in 1976. In Adult Education, the Federal share has decreased from 75 percent to 67 percent.

The Federal role during the early 1970's was one of stimulating State and local support for these programs. During the 1980's, however, it will be one of exploration and refinement. First, the Adult Education program will be operating under new legislation which will expand the delivery system to additional providers as well as broaden the outreach of the program. New providers will include agencies, institutions, and organizations other than just the public school systems, such as business, labor unions, libraries, institutions of higher education, public health authorities, antipoverty programs, and community organizations. The legislative expansion of the adult education delivery system will support the Office of Education goal of providing basic skills to all people.

Secondly, a major legislative effort to clarify and reshape the Federal role in Vocational Education will be underway in 1980. As issues of strategy and mission surface during the development of reauthorization legislation, decisions will be made and reflected in national leadership activities.

Because of the increased State dollars flowing into these programs, assuring the availability of programs is no longer the major purpose of Federal dollars. Instead, Federal dollars should be used to address educational issues of quality. Eight areas have been recently established as priorities to direct the uses of Federal monies. These priorities are:

1. Improving program linkages with CETA.
2. Meeting the special needs of urban and rural programs.
3. Promoting availability of Vocational and Adult Education programs with an emphasis on adult populations.
4. Improving planning, accountability, and data systems.
5. Promoting appropriate and adequate guidance and counselling services.
6. Providing for educational equity.
7. Serving populations with special needs.
8. Supporting Basic Skills development.

Long-term concentration on these particular initiatives is expected to produce more effective and cost-efficient programs.

All of the funds requested in this fiscal year 1980 appropriation are to advance fund programs for the school year beginning in July 1980 and extending into 1981.

1. Vocational Education: a. (1) Basic Grants
(Vocational Education Act, Part A, Subpart 2)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
97	$474,766,000	$1,007,000,000	70	$474,766,000	---

Purpose and method of operations

To promote the development of an adequately prepared labor force, this program provides grants to States and Territories to extend, improve, and where necessary, maintain vocational education opportunities and programs for persons needing or desiring such training. These funds are awarded to the States by formula based on age distribution and per capita income.

In order to be eligible for Federal funds, States and Territories must: 1) have approved by the Commissioner a five-year plan as well as an annual vocational education program plan establishing that the use of funds is in accordance with Federal regulations and P.L. 94-482; 2) match Federal funds on a dollar for dollar basis; 3) establish a State Occupational Information Coordinating Committee to assist in providing labor market supply and demand data to vocational education planners; and 4) establish a State advisory council representing at least 20 designated interests to advise and assist in the development of the five-year State plan and the annual program plan and accountability report.

In allocating these funds to local education agencies, States and Territories must give priority to 1) programs which are new to the areas to be served and which meet new and emerging employment needs, and 2) economically depressed areas and areas with high unemployment rates. In addition, States and Territories must expend $50,000 of the Basic Grant to assist in reducing sex discrimination and set aside 20 percent of the Subparts 2 and 3 monies for the disadvantaged, 15 percent for postsecondary programs, and ten percent for the handicapped, in accordance with the national priorities.

1980 budget policy

To assist the States and localities in providing vocational education to meet the Nation's need for a trained labor force, $474,766,000 is being requested for fiscal year 1980. This is the same level as appropriated in fiscal year 1979.

Funds shall be used in accordance with an approved five-year State plan and annual program plans for extending, improving and, where necessary, maintaining vocational education programs; work study programs; cooperative vocational education programs; energy education programs; construction of area vocational education school facilities; stipends; placement services; support services for women who enter vocational education programs designed to prepare them for jobs which may have been traditionally limited to men; day care services for children of persons enrolled in vocational programs; and State administration.

In addition, these funds are targeted by legislation as well as by emerging national priorities and concerns. These priorities include: accessibility and availability of vocational education programs; linkages with CETA programs; special problems of rural and urban areas; vocational education guidance; equity; special need learners such as the handicapped and the disadvantaged; and basic skills.

Fifty-seven States and Territories will design and conduct programs with paid employment as their ultimate goal for fiscal year 1980. Some of the vocational education programs, services and activities funded, will:

- -- expand and make vocational education programs, services and activities responsive to those youth and adults (potential dropouts, unemployed, dropouts, disadvantaged, handicapped and aged) who are least likely to succeed in promotable jobs unless provided opportunities to improve their skills and abilities;

- -- extend and expand vocational education programs to those adults and young people (unemployed, displaced homemakers, and handicapped) who need up-to-date educational approaches that will assist them in being employable and productive;

- -- continue to increase linkage among Vocational Education programs, Comprehensive Employment and Training Act (CETA) programs, and other governmental agencies resulting in reaching persons who need training and can contribute to the economy;

- -- encourage removal of barriers; e.g., stereotyping, so that vocational education programs are accessible to all youths and adults, males and females;

- -- encourage expansion of programs with business and industry and attract industry, particularly in low-income rural and urban areas;

- -- develop more compentency-based, work-related, vocational education instructional programs including work experience as an integral part of all vocational education programs;

- -- continue to update and include the vocational education student organizations as an integral part of all vocational education programs, thus developing more competent workers and citizens;

- -- continue to expand and improve vocational education program accessibility to those who may profit the most, by addressing problems of job development, and preservation, particularly for persons in correctional institutions, juvenile detention centers, maternal and child health centers, and centers for the aged.

In 1980 enrollment for employment programs is expected to reach 11,828,383. Emphasis will continue to be placed on paid employment training for approximately 6.8 million students enrolled in postsecondary and adult vocational classes. Of the 11.8 million, 2.8 million students will be provided with special support services to help them succeed in regular vocational education programs.

For school year 1979-80, grants are being awarded to all 57 States and Territories to assist them in providing programs of vocational education for approximately 10,786,409 students who are training for employment.

Set-asides

Two other activities are authorized out of these vocational education monies. The first is a $1,000,000 reserve from all Vocational Education programs to support the Vocational Education evaluation study being conducted by the National Institute of Education. This evaluation study covers vocational education programs conducted by the States, under the Vocational Education Act, including consumer and homemaking, and related programs conducted under the Comprehensive Employment and Training Act. The final report is due by September 30, 1980, with an interim report due by September 30, 1979. The study will assess the condition and effectiveness of such programs at the present time, analyze how the objectives of the legislation can best be met and make recommendations for new legislation.

The second is a one percent set-aside of funds from Subparts 2 and 3 (Basic Grant and Program Improvement) to support Indian projects. This represents a level of approximately $5,933,463 in fiscal year 1980, the same level as in fiscal year 1979.

Under the Indian program, contracts are awarded to Indian organizations which are eligible to contract with the Secretary of the Interior to provide vocational education to the American Indian. Any type of vocational education activity authorized by the Act may be conducted by an Indian tribal organization. Thirty-five projects are expected to be funded in fiscal year 1980, the same as in fiscal year 1979.

1. Vocational Education: a. (2) Program Improvement and Supportive Services (Vocational Education Act, Part A, Subpart 3)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
1/	$112,317,000	$251,750,000	1/	$112,317,000	---

1/ Positions for this program are shown as part of the basic grants program.

Purpose and method of operations

To improve the quality and availability of vocational education programs, grants are awarded to the States and Territories for program improvement and supportive services activities. These funds are awarded on the same formula basis as the Basic Grants program.

Under Program Improvement and Supportive Services, funds may be used for research, exemplary and innovative programs, curriculum development, guidance and counseling activities, preservice and inservice training, and ways to overcome sex bias in vocational education programs. These programs are operated by research coordination units (RCU) and projects may be conducted under contracts. States and Territories must develop a comprehensive plan of program improvement, including the intended uses of funds and a description of their priorities as an integral part of their approved State plan for vocational education. Exemplary and innovative programs must give priority for reducing sex bias and sex stereotyping in vocational education programs. No less than twenty percent of the funds reserved for Program Improvement and Supportive Services must be used for vocational education guidance and counseling programs and services.

1980 budget policy

To improve the quality of vocational education at the State and Territory levels, $112,317,000 is being requested in fiscal year 1980 to support research, demonstration and innovative programs, training of professionals, and guidance and counseling services. Emphasis in 1980 will be on encouraging States and Territories to modify and expand vocational education programs, services and activities to ensure the accessibility to and availability of meaningful vocational education programs and will include:

-- development, expansion and implementation of innovative programs in urban areas and isolated rural areas;

-- demonstration of a model system for providing a vocational education delivery system including followup and follow through services to vocational education students at all educational levels;

-- development and field testing of instructional materials for exploratory vocational education programs, e.g., program standards, content areas;

-- development and implementation of a system enlarging capacity to provide more effective guidance and counseling services in vocational education which will accommodate the real needs of humans, business and industry, thus reducing dropout rate;

-- expansion of vocational education innovative programs for preparing teachers to work with special populations;

-- expansion of seminars for teachers and administrators on current issues and trends which impact on vocational education

-- improved services to the handicapped population by assisting personnel in developing paid and unpaid vocational education programs which include working with industry, business, other governmental agencies, job placements and follow-up of learners;

-- development of a model which could serve to encourage teachers and administrators to participate in industry and/or business training, bringing about more effective instruction in a variety of vocational education programs, e.g., utilizing competency-based, real-world related education; and refinement of strategies to disseminate curriculum materials in vocational education.

I. Vocational Education: a.(3)(a) National Occupational Information Coordinating Committee
(Vocational Education Act, Part A, Subpart 1, Section 103)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
4	$3,000,000	$5,000,000	4	$3,000,000	---

Purpose and method of operations

To improve communication, coordination and cooperation in the development and implementation of an occupational information system, the Office of Education and the Department of Labor jointly support the National Occupational Information Coordinating Committee (NOICC) and its network of State Occupational Information Coordinating Committees (SOICC). This system is designed to respond to the needs of administrators, planners, researchers and other persons responsible for vocational education and employment and training programs to assure that all such programs produce trained workers that meet expected job employment needs at the local, State and national levels. Furthermore, legislated responsibilities require the NOICC/SOICC network to give special attention to the labor market information needs of youth and to provide assistance to programs supplying such occupational information to students and clients.

Members of the National Occupational Information Coordinating Committee include the Commissioner of Education, the Administrator of the National Center for Education Statistics, the Commissioner of Labor Statistics, and the Assistant Secretary for Employment and Training.

To qualify for receipt of Federal vocational education funds and CETA funds, each State is required to establish a separate State Committee to implement an occupational information system and carry out other legislative mandates. These committees are composed of representatives of the State Board for Vocational Education, the State Employment Security Agency, the Vocational Rehabilitation Agency and the State Manpower Services Council. Many States expand committee representation through Executive orders or other arrangement.

Funds for the national and State committees are requested under the set-asides in the Basic Grants and in the Program Improvement Services portion mandated for Programs of National Significance, as well as through a similar set-aside of funding from CETA. These monies support three types of activities. The exact distribution between them is determined at the discretion of NOICC. First, assistance grants are allocated by a formula (a combination of the Vocational Education and CETA formulas) for staff leadership and development and implementation of the occupational information system, as well as for training. The second activity consists of special purpose grants that are awarded competitively by NOICCs to SOICCs for up to 18 months. These awards are determined by a review panel made up of NOICC affiliated agencies. The third activity consists of contracts and assistance to other Federal agencies awarded by NOICC in support of occupational information related efforts, including efforts to improve the delivery of career information. These agencies currently include National Institute of Education, National Center for Education Statistics, Employment and Training Administration, Bureau of the Census, and the Department of Commerce.

1980 budget policy

To improve coordination in the development and use of occupational information and to promote close working relationships among Federal and State agencies, $3,000,000 is requested in fiscal year 1980 as the Vocational Education share for the NOICC. The funds requested for fiscal year 1980 will focus both on refining the development of occupational information and improving the use of the information by program planners and administrators and by personnel involved in the development and delivery of occupational and other career related information to youth in various settings, including secondary schools, postsecondary schools, and correctional institutions.

Funds will be provided to each of the eligible States and other jurisdictions for leadership support of their respective committees, occupational information system implementations and related training activities. The leadership support and implementation funds will provide incentive for continued development of statewide computer assisted career information systems which were initiated as new programs in five States in fiscal year 1979. National technical assistance efforts will be directed to encouraging other States to initiate similar systems utilizing various funding sources (Federal, State and local). Occupational information system training efforts to be conducted by the SOICCs will involve, in each State, approximately 250 Vocational Education, Vocational Rehabilitation, and CETA personnel in training workshops and seminars. The State committee staffs will increasingly be involved in the dissemination of occupationally related information, including the coordination of the delivery of such data and information, to various user groups in the States, such as advisory councils, planners, administrators, and counselors.

At the national level, the discretionary funds will be used to develop an occupational information system designed to meet common information needs of educational and training programs, as well as students and clients. The system will include a computerized crosscode index relating the Vocational Education Data System codes to the codes established for the Census, the Standard Occupational Classification, the Third and Fourth Editions of the Dictionary of Occupational Titles and the Occupational Employment Statistics program. Training materials related to the elements of the Occupational Information System and the crosscode index will be provided for the States in workshops designed to facilitate effective use of the information in program planning and programs related to the delivery of career information.

1. Vocational Education: a. (3)(b) Programs of National Significance (Vocational Education Act, Part B, Subpart 2)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
52	$7,000,000	$66,250,000	37	$7,000,000	---

Purpose and method of operations

To improve access to and quality of vocational education programs for all persons, including handicapped, females, disadvantaged and minority persons, this program supports applied research and development, demonstration, curriculum development, training and dissemination activities. Funds are awarded at the Federal level to further a coordinated national, State and local system for program improvement. The central purpose of the Programs of National Significance is to act as a lever to improve the quality of vocational education throughout the Nation. Currently, State, local and Federal governments spend over $5 billion annually to provide vocational education to over 17 million students. In an attempt to assure that these dollars are having maximum impact, Congress mandated the establishment of these programs.

Moreover, these programs are designed to impact the State program improvement and supportive services funds by producing information and instructional materials which can be used at the local level. Federally produced materials and information are delivered to the States for them to disseminate and install at the local level with Federal Program Improvement and Supportive Services funds.

Under this program, contracts and fellowships are competitively awarded to State and local education agencies, institutions of higher education, and public and private educational research, development, demonstration and training agencies and organizations, and individuals. Awards are made through annual competitions reflecting selected Federal priorities for that fiscal year. Applications are reviewed by Federal and non-Federal experts in vocational education. Projects are approved for periods ranging from one to three years. The Programs of National Significance are coordinated with the programs and projects supported by the National Institute of Education, the Fund for the Improvement of Postsecondary Education, and the Office of Career Education. This coordinated activity is administered through the legislated Coordinating Committee on Research in Vocational Education which meets on a bimonthly basis.

1980 budget policy

To promote excellence and innovation in the utilization of the $5 billion annual expenditure for vocational education, $7 million, the same as was appropriated in 1979, is requested to support a coordinated effort involving applied research and development, demonstration, curriculum development, and training. At this level the following activities will be supported.

1. National center for research in vocational education - The national center is mandated by the Education Amendments of 1976 for a five-year period and is located at the Ohio State University. In 1980 the center will: 1) conduct applied research and development on such topics as elimination of sex bias, improving planning at the State level and improving vocational education for the handicapped, minorities, and women, 2) provide leadership development training for State and local leaders in such areas as job creation, guidance and teacher education, 3) disseminate information and products to the

State research coordinating units in the States and Territories and to local school systems on such topics as metrics in vocational education and instructional materials for agricultural and trade and industrial education; 4) maintain a clearinghouse on research and development projects supported by the States and the Federal government; 5) generate information for planning and policy development; and 6) provide technical assistance to State, local and other public agencies for the evaluation of vocational education programs.

2. Projects of National Significance - Three major projects will be initiated in 1980 which will strengthen the ties between education and work. In order to achieve this goal, these projects will be targeted at the three most pressing areas of national concern for vocational education. These three priority areas are: 1) The CETA - Vocational Education Connections 2) Urban Needs; and, 3) Equity and Equality. These projects will include personnel development, curriculum development and coordination, and applied research activities.

A. CETA - Vocational Education Connection - One project will be supported to upgrade and strengthen Vocational Education administrators to effectively utilize CETA resources. Data will be collected, instructional materials will be developed, and administrators will be trained with respect to new data analysis concepts, new student placement straegies, new job development and job creation techniques. In addition, the legal basis and new organizational structures and patterns that are emerging will be examined for their implications for the future.

B. Urban Needs - One project will be conducted to enable vocational education decision makers to plan for the special needs of vocational education in urban areas. Data will be collected, instructional materials will be developed, decision makers will be trained and studies may be conducted in planning for facilities, staffing, job development and creation, use of advisory councils, financing, curriculum requirements, cooperation with business and industry employment needs peculiar to urban areas.

C. Equity and Equality - One project will be supported which will result in developing in vocational education decision makers the capacity to adquately address civil rights requirements and needs. Data will be collected, instructional materials will be developed, and decision makers will be trained in order to insure equity and equality of opportunity to vocational education for all populations. Student admission procedures, placement procedures, guidance practices, mainstreaming of the handicapped, recruitment practices, facility planning, location and construction or renovation standards, and methods for new data collection and analyses will be examined. There will be special attention to the implementation of civil rights regulations.

1. Vocational Education: b. Special Programs for the Disadvantaged (Vocational Education Act, Part A, Subpart 4)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$20,000,000	$50,000,000	2	$20,000,000	---

Purpose and method of operations

To encourage programs of vocational education for disadvantaged persons in areas of high concentrations of youth unemployment or large numbers of school dropouts, funds are allocated to the States on a formula grant basis to be used in accordance with the five-year State plans and the annual program plans. Disadvantaged persons are defined as those persons, other than handicapped, who have academic or economic handicaps and who require special services and assistance to enable them to succeed in vocational education programs.

Programs are expected to reach large numbers of persons who enroll but drop out, do not enroll at all, or are not permitted to enroll in regular vocational education programs because they lack the computational, communicational, and/or attitudinal skills which would enable them to stay in school to acquire the academic and occupational skills needed for successful employment. Special needs programs include: vocational education programs for persons in correctional institutions, bilingual instruction, remedial instruction in communication and computation, and intensive counseling.

Funds are advance funded and can be used to pay up to 100 percent of the cost incurred for providing such services. Nonetheless, States have in the past contributed dollars to these programs, indicating the catalytic effect of the Federal dollar.

1980 budget policy

To support programs of vocational education for disadvantaged persons, $20,000,000 is requested in fiscal year 1980. This represents level funding from fiscal year 1979. In accordance with the Vocational Education Act, these funds will support programs and special services to the disadvantaged so that they can participate in the regular vocational education programs. About 269,000 students are expected to be supported by these funds, the same as were enrolled in 1979.

Ensuring the accessibility and availability of educational opportunities for disadvantaged persons is one of the goals of Federal involvement in education. This program supports that intent by providing 100 percent Federal money to support "high risk" activities and populations. These populations include potential school dropouts, unemployed youth, and those placed in correctional institutions. (In a survey conducted by the LEAA it was determined that between 40-65 percent of persons incarcerated have no marketable skills.) Through requesting funds for this program, the Federal government is encouraging States to initiate programs for the severely disadvantaged for which they might not otherwise find matching dollars.

1. Vocational Education: c. Consumer and Homemaking Education
(Vocational Education Act, Part A, Subpart 5)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$43,497,000	$80,000,000	2	$43,497,000	---

Purpose and method of operations

To supplement State and local efforts to prepare persons, males and females, for the occupation of homemaking which enhances their potential employability and quality of life, grants are awarded to the States and Territories for conducting consumer and homemaking education programs. Federal funds are allocated to the States and Territories on a formula basis, to be expended solely for: 1) educational programs in consumer and homemaking education for all ages; and, 2) ancillary services and activities for assuring quality in consumer and homemaking education programs. Distribution of funds within States is based on approved five-year and annual vocational educational plans. Although one third of the State's allotment must be used in economically depressed areas or in areas with high rates of unemployment, States have been using approximately 50 percent of the monies provided for economically depressed areas.

1980 budget policy

To provide financial resources to States and localities to support consumer and homemaking education, $43,497,000, the same level as 1979, is requested for fiscal year 1980. These Federal funds will provide program activities and ancillary services in each of the 57 States and Territories and will impact 3,848,274 students. These funds are utilized together with State and local funds to support programs and activities, including consumer education, food and nutrition, family living and parenthood education, child growth and development, home management including resource management, housing, and clothing and textiles.

In 1980, emphasis will be on assisting youth and adults, males and females, in consumer and homemaking education by: 1) encouraging both males and females to prepare for the roles of homemakers and wage earners; 2) focusing on the increased number of women in the labor force and the increased number of males assuming homemaking responsibilities; 3) encouraging outreach programs in communities for special audiences, such as older Americans, school age parents, single parents, ethnic groups, mentally and/or physically handicapped, institutionalized individuals and persons in economically depressed areas, correctional institutions, and juvenile courts, etc.; 4) encouraging elimination of sex stereotyping in consumer and homemaking education program instructional materials; 5) providing for improved home environments and the quality of life and enhancing employability; and, 6) giving greater consideration to economic, social, and cultural conditions and needs, especially in economically depressed areas and for limited English-speaking groups. Ancillary services, activities and other means of assuring quality in all homemaking education programs will include teacher training and supervision, curriculum development, research, program evaluation, special demonstration and experimental programs, development of instructional materials, exemplary projects, provision of equipment, and State administration and leadership.

Fifty-seven States and Territories will continue to design and conduct accessible and quality consumer and homemaking education programs for unpaid employment in fiscal year 1980 at the same Federal funding level as in 1979. Some of the consumer and homemaking education programs, activities, and ancillary services to be highlighted by the States and Territories will include but not be limited to the following:

-- expand and make more accessible consumer and homemaking education programs to males and females in correctional institutions, to adults in centers for the aged, and to youth in juvenile detention institutions;

- -- continue to develop and expand competency-based consumer and homemaking parenthood education and family living programs at all levels from preschool through postsecondary and adult levels which assist individuals and families, males and females in understanding needs of children, preventing child abuse and neglect, understanding ways of preventing teenage pregancies, and providing laboratories for males and females to participate in dealing with child growth and development and the consequences of early pregnancies, etc.;
- -- encourage States and Territories to continue to increase linkage between consumer and homemaking education programs, Comprehensive Employment and Training Act (CETA), and other Federal and State governmental agencies in developing techniques in reaching low risk persons who need training which will enhance their potential employability, e.g., displaced homemakers, economically depressed persons and severely handicapped persons;
- -- improve the capacity of existing nutrition education and resource management (energy, time and money) programs, consumer and homemaking education to serve special populations, especially in urban and isolated rural areas, males and females of all educational levels, thus addressing among other problems of malnutrition, scarcity and energy conservation.

1. Vocational Education: d. State Advisory Councils
(Vocational Education Act, Part A, Section 105)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
2	$6,073,000	$10,000,000	1	$6,073,000	---

Purpose and method of operations

To assist in the development and evaluation of vocational education policies and State plans, this program awards grants to States to support State Advisory Councils. In order to receive Federal vocational education funds, advisory councils must be established and must represent at least twenty designated interests, including appropriate representation of men and women, minorities, and geographic regions of the State. A majority of the members must be non-educators. Members serve for three-year terms.

The State Advisory Councils' mandated functions include: 1) to advise the State board in the development of the five-year plan, annual program plan and accountability report; 2) to evaluate vocational education programs, services, and activities and to publish and distribute findings; and, 3) to identify employment needs of the States.

As established by law, each council is to receive not less than $75,000 and not more than $200,000 in accordance with the same formula used to determine the Basic Grant awards.

1980 budget policy

To insure impartial analysis of State policies and plans, and to advise on policy matters, $6,073,000 is requested to support 57 State Advisory Councils in fiscal year 1980. This represents the same level of funding as supported in fiscal year 1979. Funds requested in fiscal year 1980 will continue to support the type of activities conducted in fiscal year 1979. In addition to the advisory function, these activities include: preparation and submission of an annual evaluation report to the Commissioner and to the National Advisory Council on Vocational Education; the identification of vocational education and employment and training needs of the State; and review of and comment on the reports from the State Manpower Services Council.

1. Vocational Education: e. Bilingual Vocational Training
(Vocational Education Act, Part B, Subpart 3)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$2,800,000	$90,000,000	3	$2,800,000	---

Purpose and method of operations

To encourage opportunities for employment among persons of limited English-speaking ability, this program awards grants and cooperative agreements for up to one year to provide bilingual vocational training for persons who are unemployed or underemployed and who are unable to profit from regular English vocational training because of limited language skills. Three types of activities are funded: bilingual vocational training, bilingual vocational instructor training, and the development of bilingual instructional materials, methods, and techniques. Grants are awarded through a national competition and are reviewed by both Federal and non-Federal experts against established criteria.

Under the bilingual vocational training program and the bilingual vocational instructor training program, grants are awarded competitively for a one-year period. Eligible applicants for the bilingual vocational training program are local educational agencies, State agencies, postsecondary educational institutions, private nonprofit vocational training institutions, nonprofit organizations especially created to serve a group whose language as normally used is other than English, and private-for-profit agencies. Eligible applicants for the bilingual vocational instructor training program are State agencies, public and private nonprofit educational institutions, and private-for-profit educational institutions. Either grants or cooperative agreements may be awarded for the development of instructional materials. Eligible applicants are State agencies, public and private educational institutions, nonprofit organizations, private-for-profit organizations, and individuals.

In accordance with the legislation, 65 percent of the funds requested support student training programs, 25 percent support instructor training programs, and ten percent support the development of curriculum materials.

1980 budget policy

To generate and encourage activities which will increase employment skills and opportunities for persons of limited English-speaking ability, $2,800,000 is being requested for fiscal year 1980, the same as in 1979. The need for Federal activity in this area is indicated by a study conducted by the Bureau of the Census for the National Center for Education Statistics in 1975 which determined that populations with limited English-speaking ability have significantly higher unemployment rates than those from English-speaking backgrounds. This was confirmed in March 1977, when the Bureau of the Census reported that 11 percent of all Spanish-origin persons in the civilian labor force were unemployed compared with eight percent of the total population in the civilian labor force. In addition, a legislatively mandated study to determine the status of bilingual vocational training revealed that in 1978, 92 percent of the persons of limited English-speaking ability sampled had less than six years of school in English.

Therefore, money is being requested to support the following activities:

-- 12 projects for bilingual vocational training. This effort will provide actual vocational training for 575 persons of limited English-speaking ability, at a cost of $3,200 per participant.

-- 3 projects for bilingual vocational instructor training. This effort will help to meet the critical shortage of instructors for bilingual vocational training programs. Sixty instructors will be trained. ($700,000)

-- 1 project for the development of instructional materials. This effort will help to meet the shortage of appropriate teaching materials for bilingual vocational training programs. ($280,000)

During school year 1979-80, the 1979 appropriation will support 12 new bilingual vocational training projects. The projects will provide training for 575 students at an average cost of $3,200 per student. Three bilingual vocational instructor training projects are also expected to be supported. These projects will train 60 teachers who, as a result of the program, will be qualified to teach in bilingual vocational training programs. In addition, one project will be supported for the development of instructional materials.

1. Vocational Education: f. State Planning Grants
(Vocational Education Act, Part A, Subpart 1, Section 102)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$5,000,000	$25,000,000	---	$5,000,000	---

Purpose and method of operations

To encourage long range and comprehensive planning efforts, grants are awarded to States under this program for planning and evaluation activities. This money is expected to impact on the $600 million provided to the States under the other vocational education legislative authority through increased planning and more effective utilization.

These funds are distributed to the States under the same formula, based on population and per capita income, as the Basic Grants. These funds can be used for: preparing five-year plans; updating annual program plans; preparing annual accountability reports; conducting evaluation studies; and meeting the data requirements of the 1976 amendments. These awards represent 100 percent Federal funds and need not be matched by State dollars. These amounts are advance funded for fiscal year 1981.

1980 budget policy

To improve the planning efforts of States and to promote effective utilization of Federal and State dollars going into regular vocational education programs, $5,000,000 is being requested for this activity. This represents the same amount as that appropriated for 1979. This Federal role is especially timely and appropriate given the financial strain that many States are experiencing.

More specifically, these funds will be used to:

-- Defray the cost to the States of implementing the new vocational education data system. The 1976 legislation mandated an extensive data collection system on vocational education, but did not provide any additional funds with which the States could establish it. These funds can be used towards those gear-up costs.

-- Conduct evaluations of all vocational education programs throughout the State. Again, the 1976 Amendments required each State to review all of its vocational programs over a five-year period. These funds can be used to assist in meeting the costs of this requirement.

-- Support State efforts in designing relevant vocational programs. Since the 1976 Amendments stressed the need to provide relevant and quality vocational programs, the Federal government is providing national leadership in this area by encouraging comprehensive and forward planning at the State level.

In an effort to generate better programs, the 1976 Amendments mandated many new--and expensive--administrative requirements. However, the only Federal funds specifically available to the States for conducting these activities are from these planning grants. In a period when States are having to reduce their expenditures, it is often planning monies, rather than operational monies, which are reduced. The funds requested would ensure the continuation of planning activities at the State level for vocational education to increase the effectiveness and outcomes of the program.

2. Adult Education
(Adult Education Act)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
32	$100,000,000	$250,000,000	32	$90,750,000	-$9,250,000

Purpose and method of operations

To assist the States in eliminating illiteracy among the Nation's adults 16 years of age and older, grants to States are made to support programs that enable educationally disadvantaged adults to develop basic skills necessary to function in society. The grants are made to States under a formula based on the number of adults within the States who lack high school equivalency and who are not enrolled in school. Federal funds support up to 90 percent of the cost of each State's program and up to 100 percent of the cost of adult education programs in the Insular Areas. At least ten percent of each State's allotment must be used for special experimental demonstration projects and teacher training. State advisory councils on adult education may be supported, and special assistance is given to the needs of residents of rural areas, of urban areas with high rates of unemployment, adults with limited English language skills, institutionalized adults and adult immigrants.

This program is advance funded. The amount requested for fiscal year 1980 will become available for obligation on July 1, 1980, for use during the 1980-81 school year.

1980 budget policy

To address the problem of functional illiteracy in the Nation, the 1980 budget requests $90,750,000 to provide basic support for adult education programs. This amount represents a decrease of $9,250,000 below the 1979 appropriation, and is equivalent to funding available in 1978. It is expected that in fiscal year 1980, as in fiscal year 1979, State and local governments will increase expenditures for adult education, thereby permitting a slight decline in Federal funds without a significant loss of services. Furthermore, States will continue to coordinate arrangements and contract agreements with other Federal, State and local, and private programs. This pattern of State and local funding has reduced the Federal share of funding Adult Education programs from 75 percent to 67 percent while increasing total expenditures from all sources from $46 million to $131 million.

In both 1979 and 1980, States are required to implement several changes mandated by the Education Amendments of 1978. States are expected to: improve needs assessments; expand the delivery system to include such groups as business, industry, labor unions, and community organizations; provide for greater participation in the formulation and execution of State plans; concentrate resources on those who are most needy; and assist in removing barriers to participation in the program.

As a group, the adults assisted by this program constitute perhaps the most disadvantaged subpopulation in society. They have not received the full benefits of education in the past. Furthermore, they have not mastered a basic use of language, cannot cope with the demands imposed by modern society, are unable to participate fully in the labor market or to reduce their dependence on government institutions, and thus remain semi-excluded from the benefits of American life.

This budget and the Adult Education program will continue to address the needs of these individuals. Expected benefits include the acquisition and mastery of the basic skills necessary to function in society, to secure and improve employment opportunities, and to participate fully in the political, economic, and social arenas.

Furthermore, recent evidence indicates that the educational achievement and attainment of children is directly related to the achievement of their parents. One of the expected indirect benefits of this program is to improve the educational performance of any children of those adults enrolled in the program, thereby reducing the need to provide remedial assistance for these youngsters.

The following table provides estimated beneficiary data based on prior year reports. It should be emphasized that the requirement in the Education Amendments of 1978 to provide services to the most needy will raise the overall per pupil expenditures, as services for this group are more expensive to provide. The Federal share per pupil, however, will decline due to anticipated increases in State and local expenditures.

According to prior year reports from the States, some of the anticipated achievements and participation are as follows:

Estimated Beneficiaries

	School Year 1978-79	School Year 1979-80	School Year 1980-81
Estimated Participation by Characteristic	1,992,000	2,195,000	2,096,000
Age:			
16-24	816,750	899,950	830,000
25-34	537,859	592,650	538,000
35-44	318,732	351,200	319,000
45-54	179,287	197,550	179,000
55-64	79,610	87,800	126,000
65 & Over	59,762	65,850	10[illegible],000
Male	876,480	965,800	943,000
Female	1,115,520	1,229,200	1,153,000
Complete 8th Grade	159,366	175,600	210,000
Complete 12th Grade or its Equivalent	169,326	186,575	187,000
Average Federal Cost Per Student	$46	$46	$43
Special Projects and Teacher Training	$9,075,000	$10,000,000	$9,075,000

In addition to provision of basic services to adults, emphasis will be placed on improving the capacities of the States to educate adults. Under the requirement for special experimental projects and teacher training, States will conduct projects including: expanding outreach programs for older adults, rurally isolated adults, handicapped, and adults in urban areas of high unemployment; developing innovative methods of teaching persons of limited English-speaking ability, developing programs using adult competency-based objectives; improving coordination with business and industry, labor unions, community organizations and other non-governmental agencies; supporting training programs for adult education personnel; increasing use of media for the recruiting and instruction of adults; and providing life skills for disadvantaged adults.

FISCAL YEAR 1980 VOCATIONAL EDUCATION ALLOTMENT PROCEDURE, P.L. 94-482 (1981 Advance)

The following allotment procedure for funds under the Vocational Education Act (as amended by P.L. 94-482, to be effective October 1, 1977) was used.

A. Section 523 reserve amount.

Under Section 523, $1,000,000 is to be reserved from the "sum made available pursuant to ... and Sections 102 and 103 ... (as such Act is in effect on October 1, 1977)."

	FY 1980 Proposed Appropriation	Adjusted Amounts 1/	Reserved 2/
Section 102(a):			
Basic Grants......................	$474,766,000	$474,060,282	$ 705,718
Program improvement...............	112,317,000	112,150,046	166,954
Sec. 103(a)(1)(A) 4/	10,000,000	9,985,135	14,865
Total, Budget Line Items..........	597,083,000	596,195,463	887,537
Smith-Hughes Funds 3/	7,161,455	7,150,810	10,645
Total available, Sec. 102 (a).....	604,244,455	603,346,273	898,182
Sec. 102(b).......................	20,000,000	19,970,271	29,729
Sec. 102(c).......................	43,497,000	43,432,343	64,657
Sec. 102(d).......................	5,000,000	4,992,568	7,432
Total, Sec. 102...................	672,741,455	671,741,455	1,000,000

B. Section 102(a) distribution.

Total, Sec. 102(a) funds.......	604,244,455	603,346,273	898,182
Sec. 103(a)(1)(A) 4/..........	10,000,000	10,000,000	---
Balance......................	594,244,455	593,346,273	898,182
Sec. 103(a)(1)(B), 1%reserve.	5,942,445	5,933,463	8,982
Balance available for allotment to States..............	588,302,010	587,412,810	889,200
Section 103(e) (Division of 102(a) total State allotments			
Total, 102(a)..................	588,302,010	587,412,810	889,200
Subpart 2.....................	475,985,010	475,095,810	889,200
Subpart 3.....................	112,317,000 4/	112,317,000 4/	---

C. Section 102 Distribution of Total Amount.

		Allotment Amount
Sec. 102(a)	Basic grants and Program improvement......	$587,412,810
Sec. 102(b)	Special programs for the disadvantaged...	19,970,271
Sec. 102(c)	Consumer and homemaking education........	43,432,343
Sec. 102(d)	State planning...........................	4,992,568
Total amount for State allotments		655,807,992

$655,807,992 was distributed to the States and the outlying areas under the Vocational Education Act formula (Section 103(a)(2)), with a minimum of $200,000 (Section 103(b)(1)) with no State receiving less than its 1976 total allotment. This total State amount was then divided into the Sec. 102(a), (b), (c) and (d) amounts shown, and the Sec. 102(a) allotments were split into the portions for Subpart 2, $475,095,810 and for Subpart 3, $112,317,000.

1/ Total proposed appropriation amounts adjusted by prorata reduction of $1,000,000.
2/ Proportionate share of the $1,000,000 as reserved from each program, and components.
3/ Smith-Hughes (permanent appropriation) funds are to be considered as "funds appropriated pursuant to section 102(a) of this Act," P.L. 90-576, and P.L. 95-40.
4/ Restricted by appropriation language.

Occupational, Vocational, and Adult Education

Basic Grants

State or Outlying Area	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
TOTAL	$430,671,966	$475,095,810	$475,095,810
Alabama	8,657,073	9,563,588	9,563,588
Alaska	761,902	835,864	835,864
Arizona	4,803,819	5,306,830	5,306,830
Arkansas	4,751,740	5,249,340	5,249,340
California	37,531,105	41,461,684	41,461,684
Colorado	5,336,962	5,895,816	5,895,816
Connecticut	5,006,794	5,531,156	5,531,156
Delaware	1,087,757	1,178,205	1,178,205
Florida	15,670,037	17,311,180	17,311,180
Georgia	11,257,643	12,436,512	12,436,512
Hawaii	1,653,347	1,826,475	1,826,475
Idaho	1,855,479	2,049,756	2,049,756
Illinois	18,572,682	20,517,640	20,517,640
Indiana	10,909,702	12,052,122	12,052,122
Iowa	5,682,758	6,277,815	6,277,815
Kansas	4,528,397	5,002,589	5,002,589
Kentucky	7,877,138	8,702,004	8,702,004
Louisiana	9,308,453	10,283,069	10,283,069
Maine	2,434,504	2,689,433	2,689,433
Maryland	7,691,570	8,497,040	8,497,040
Massachusetts	10,9[illegible]	12,150,013	12,150,013
Michigan	17,799,605	19,663,431	19,663,431
Minnesota	8,201,160	9,059,875	9,059,875
Mississippi	5,687,461	6,282,927	6,282,927
Missouri	9,964,866	11,008,370	11,008,370
Montana	1,689,458	1,866,353	1,866,353
Nebraska	3,182,931	3,516,216	3,516,216
Nevada	1,054,695	1,165,150	1,165,150
New Hampshire	1,685,940	1,862,497	1,862,497
New Jersey	11,587,521	12,801,124	12,801,124
New Mexico	2,949,449	3,258,238	3,258,238
New York	29,983,747	33,124,101	33,124,101
North Carolina	12,558,480	13,873,619	13,873,619
North Dakota	1,592,850	1,605,580	1,605,580
Ohio	21,275,502	23,503,425	23,503,425
Oklahoma	5,910,256	6,529,193	6,529,193
Oregon	4,580,881	5,060,624	5,060,624
Pennsylvania	22,366,026	24,708,415	24,708,415
Rhode Island	1,895,445	2,012,840	2,012,840
South Carolina	7,041,103	7,778,373	7,778,373

State or Outlying Area	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
South Dakota	$ 1,693,072	$ 1,796,430	$ 1,796,430
Tennessee	9,510,098	10,506,052	10,506,052
Texas	26,380,523	29,142,962	29,142,962
Utah	3,042,085	3,360,565	3,360,565
Vermont	1,164,347	1,207,614	1,207,614
Virginia	10,566,243	11,672,724	11,672,724
Washington	6,780,596	7,490,662	7,490,662
West Virginia	3,957,315	4,371,766	4,371,766
Wisconsin	9,751,236	10,772,267	10,772,267
Wyoming	880,251	887,286	887,286
District of Columbia	1,241,109	1,251,028	1,251,028
American Samoa	143,740	144,889	144,889
Guam	237,112	261,936	261,936
Mariana Islands	143,740	144,889	144,889
Puerto Rico	7,393,476	8,167,409	8,167,409
Trust Territory	234,986	233,761	233,761
Virgin Islands	167,544	185,088	185,088

1/ Estimated allotment of funds under Section 102(a) and Section 103, P.L. 94-482, for the purposes of Subpart 2. Estimated distribution of total State allotment under Section 102(a), (b), and (c) ($599,237,797) is based on estimating fiscal year 1979 State products of: (1) fiscal year 1979 Vocational allotment ratios, with limits of 0.60 and 0.40; and (2) the 15-19, 20-24, and 25-65 population age-groups, with no State receiving less than $200,000 or less than its 1976 amount for the total State allotment. Age-groups are as of July 1, 1976, for the 50 States and D.C., and April 1, 1970, for the outlying areas. $1,000,000 of total budgeted funds for Section 102 is reserved for Section 523 of P.L. 94-482, and portions of Section 102(a) funds are reserved for Section 103(a)(1)(A) and (B).

2/ Estimated allotment of funds under Sec. 102(a) and Sec. 103, P.L. 94-482 for the purpose of Subpart 2 Estimated distribution of total State allotment under Section 102(a), (b), (c), and (d) ($655,807,992) is based on estimating fiscal year 1979 State products of (1) fiscal year 1979 allotment ratios with limits of 0.60 and 0.40 and (2) the 15-19, 20-24, and 25-65 population age-groups, with no State receiving less than $200,000 or less than its 1976 total allotment. Age-groups are as July 1, 1976 for the 50 States and D.C. The age-groups for the outlying areas are April 1, 1970. Of total budgeted funds for Sec. 102(a), $1,000,000 is reserved under Sec. 523 of P.L. 94-482.

See preceding table on "Fiscal Year 1980 Vocational Education Allotment Procedure" on page 172.

Occupational, Vocational, and Adult Education

Program Improvement and Supportive Services

State or Outlying Area	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
TOTAL	$107,667,991	$112,317,000	$112,317,000
Alabama	2,164,268	2,260,920	2,260,920
Alaska	190,476	197,606	197,606
Arizona	1,200,955	1,254,583	1,254,583
Arkansas	1,187,935	1,240,992	1,240,992
California	9,382,776	9,801,922	9,801,922
Colorado	1,334,240	1,393,825	1,393,825
Connecticut	1,251,698	1,307,616	1,307,616
Delaware	271,939	278,539	278,539
Florida	3,917,509	4,092,521	4,092,521
Georgia	2,814,411	2,940,105	2,940,105
Hawaii	413,337	431,796	431,796
Idaho	463,870	484,581	484,581
Illinois	4,643,170	4,850,558	4,850,558
Indiana	2,727,426	2,849,232	2,849,232
Iowa	1,420,690	1,484,133	1,484,133
Kansas	1,132,099	1,182,658	1,182,658
Kentucky	1,969,285	2,057,233	2,057,233
Louisiana	2,327,113	2,431,012	2,431,012
Maine	608,626	635,806	635,806
Maryland	1,922,893	2,008,778	2,008,778
Massachusetts	2,749,564	2,872,374	2,872,374
Michigan	4,449,901	4,648,615	4,648,615
Minnesota	2,050,290	2,141,838	2,141,838
Mississippi	1,421,865	1,485,342	1,485,342
Missouri	2,491,217	2,602,479	2,602,479
Montana	422,364	441,222	441,222
Nebraska	795,733	831,266	831,266
Nevada	263,674	275,452	275,452
New Hampshire	421,485	440,311	440,311
New Jersey	2,896,880	3,026,303	3,026,303
New Mexico	737,362	770,277	770,277
New York	7,495,937	7,830,841	7,830,841
North Carolina	3,139,620	3,279,851	3,279,851
North Dakota	398,213	379,574	379,574
Ohio	5,318,876	5,556,425	5,556,425
Oklahoma	1,477,564	1,543,561	1,543,561
Oregon	1,145,220	1,196,378	1,196,378
Pennsylvania	5,591,506	5,841,296	5,841,296
Rhode Island	473,861	475,854	475,854
South Carolina	1,760,276	1,838,878	1,838,878

	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
South Dakota	$ 423,268	$ 424,692	$ 424,692
Tennessee	2,377,524	2,483,727	2,483,727
Texas	6,595,131	6,889,663	6,889,663
Utah	760,521	794,469	794,469
Vermont	291,087	285,491	285,491
Virginia	2,641,561	2,759,539	2,759,539
Washington	1,695,149	1,770,861	1,770,861
West Virginia	989,329	1,033,525	1,033,525
Wisconsin	2,437,808	2,546,663	2,546,663
Wyoming	220,063	209,763	209,763
District of Columbia	310,277	295,755	295,755
Puerto Rico	1,848,369	1,930,850	1,930,850
American Samoa	35,935	34,253	34,253
Northern Marianas	35,935	36,253	34,253
Guam	59,278	61,924	61,924
Virgin Islands	41,886	43,756	43,756
Trust Territory	58,746	55,263	55,263

1/ Estimated allotment of funds under Section 102(a) and Section 103, P.L. 94-482, for the purposes of Subpart 3. Estimated distribution of total State allotment under Section 102(a), (b), and (c) ($599,237,797) based on estimating fiscal year 1979 State products of: (1) fiscal year 1979 Vocational allotment ratios with limits of 0.60 and 0.40; and (2) the 15-19, 20-24, and 25-65 age-groups, with a minimum of $200,000 and with no State receiving less than its fiscal year 1976 amount for the total State allotment. Age groups are as of July 1, 1976 for the 50 States and D.C., and April 1, 1970 for the areas. $1,000,000 of the total budgeted funds for Section 102 is reserved under Section 523 of P.L. 94-482, and portions of Section 102(a) funds are reserved for Section 103(a)(1)(A) and (B).

2/ Estimated allotment of funds under Section 102(a) and Section 103, P.L. 94-482, for the purposes of Subpart 3. Estimated distribution of total State allotment under Section 102(a), (b), and (c), and (d) ($655,807,992) based on estimating fiscal year 1979 State products of: (1) fiscal year 1979 allotment ratios with limits of 0.60 and 0.40; and (2) the 15-19, 20-24, and 25-65 population age-groups, with no State receiving less than $200,000 or less than its 1976 total allotment. Age-groups are as of July 1, 1976 for the 50 States and D.C. The age-groups for the outlying areas are as of April 1, 1970. Of total budgeted funds under Section 102, $1,000,000 are reserved under Section 523 of P.L. 94-482, and portions of the 102(a) funds are reserved under Section 103(a)(1)(A) and (B).

See preceding table on "Fiscal Year 1980 Vocational Education Allotment Procedure" on page 172.

Occupational, Vocational, and Adult Education

Special Programs for the Disadvantaged

State or Outlying Areas	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
TOTAL	$ 19,968,469	$ 19,970,271	$ 19,970,271
Alabama	401,392	401,998	401,998
Alaska	35,326	35,135	35,135
Arizona	222.733	223,068	223,068
Arkansas	220,318	220,652	220,652
California	1,740,161	1,742,809	1,742,809
Colorado	247,453	247,826	247,826
Connecticut	232,144	232,498	232,498
Delaware	50,435	49,525	49,525
Florida	726,555	727,662	727,662
Georgia	521,970	522,758	522,758
Hawaii	76,659	76,774	76,774
Idaho	86,032	86,160	86,160
Illinois	861,138	862,443	862,443
Indiana	505,838	506,601	506,601
Iowa	263,485	263,883	263,883
Kansas	209,963	210,280	210,280
Kentucky	365,230	365,782	365,782
Louisiana	431,594	432,241	432,241
Maine	112,877	113,048	113,048
Maryland	356,625	357,166	357,166
Massachusetts	509,943	510,716	510,716
Michigan	825,294	826,537	826,537
Minnesota	380,254	380,825	380,825
Mississippi	263,704	264,098	264,098
Missouri	462,029	462,728	462,728
Montana	78,334	78,451	78,451
Nebraska	147,579	147,801	147,801
Nevada	48,902	48,976	48,976
New Hampshire	78,170	78,289	78,289
New Jersey	537,266	538,085	538,085
New Mexico	136,754	136,957	136,957
New York	1,390,221	1,392,345	1,392,345
North Carolina	582,284	583,166	583,166
North Dakota	73,854	67,490	67,490
Ohio	986,456	987,948	987,948
Oklahoma	274,033	274,449	274,449
Oregon	212,397	212,719	212,719
Pennsylvania	1,037,020	1,038,598	1,038,598
Rhode Island	87,884	84,608	84,608
South Carolina	326,467	326,958	326,958

State or Outlying Areas	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
South Dakota	$ 78,501	$ 75,511	$ 75,511
Tennessee	440,944	441,613	441,613
Texas	1,223,155	1,225,001	1,225,001
Utah	141,048	141,259	141,259
Vermont	53,986	50,761	50,761
Virginia	489,913	490,653	490,653
Washington	314,389	314,864	314,864
West Virginia	183,484	183,764	183,764
Wisconsin	452,125	452,804	452,804
Wyoming	40,813	37,296	37,296
District of Columbia	57,545	52,586	52,586
American Samoa	6,665	6,090	6,090
Guam	10,994	11,010	11,010
Mariana Islands	6,665	6,090	6,090
Puerto Rico	342,805	343,310	343,310
Trust Territory	10,896	9,826	9,826
Virgin Islands	7,768	7,780	7,780

1/ Estimated allotment of funds under Sec. 102(b) and Sec. 103, P.L. 94-482 for the purposes of Subpart 4. Estimated distribution of total State allotment amount under Sec. 102(a), (b), and (c), ($599,237,797) based on estimating fiscal year 1979 State products of (1) fiscal year 1979 Vocational Education allotment ratios, with limits of 0.60 and 0.40 and (2) the 15-19, 20-24, and 25-65 age-group populations, with a minimum of $200,000 and with no state receiving less than its 1976 amount for the total State allotment. Age groups are final estimates as of July 1, 1976 for the 50 States and D.C. and April 1, 1970 for the areas. Of total budgeted funds under Section 102, $1,000,000 is reserved under Section 523 of P.L. 94-482.

2/ Estimated allotment of funds under Sec. 102(b) and Sec. 103, P.L. 94-482, for the purposes of Subpart 4. Estimated distribution of total State allotment amount under Sec. 102(a), (b), (c), and (d), ($655,807,992) based on estimating fiscal year 1979 State products of: 1) fiscal year 1979 Vocational Education allotment ratios, with limits of 0.60 and 0.40, and 2) the 15-19, 20-24, and 25-65 population age groups, with no State receiving less than $200,000 or less than its 1976 allotment. Age groups are final estimates as of July 1, 1976, for the 50 States and D.C., and April 1, 1970, for the outlying areas. Of total budgeted funds under Section 102, $1,000,000 is reserved under Section 523 of P.L. 482.

See preceding table on "Fiscal Year 1980 Vocational Education Allotment Procedure" on page 172.

Occupational, Vocational, and Adult Education

Consumer and Homemaking Education

State or Outlying Areas	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
TOTAL	$ 40,929,371	$ 43,432,343	$ 43,432,343
Alabama	822,734	874,285	874,285
Alaska	72,408	76,413	76,413
Arizona	456,536	485,140	485,140
Arkansas	451,587	479,885	479,885
California	3,566,809	3,790,347	3,790,347
Colorado	507,204	538,984	538,984
Connecticut	475,826	505,648	505,648
Delaware	103,376	107,709	107,709
Florida	1,489,219	1,582,555	1,582,555
Georgia	1,069,882	1,136,922	1,136,922
Hawaii	157,128	166,973	166,973
Idaho	176,337	187,385	187,385
Illinois	1,765,075	1,875,682	1,875,682
Indiana	1,036,815	1,101,782	1,101,782
Iowa	540,067	573,906	573,906
Kansas	430,361	457,327	457,327
Kentucky	748,612	795,520	795,520
Louisiana	884,639	940,058	940,058
Maine	231,366	245,863	245,863
Maryland	730,977	776,783	776,783
Massachusetts	1,045,231	1,110,731	1,110,731
Michigan	1,691,605	1,797,592	1,797,592
Minnesota	779,406	828,236	828,236
Mississippi	540,514	574,373	574,373
Missouri	947,022	1,006,364	1,006,364
Montana	160,559	170,618	170,618
Nebraska	302,493	321,446	321,446
Nevada	100,234	106,516	106,516
New Hampshire	160,225	170,266	170,266
New Jersey	1,101,232	1,170,254	1,170,254
New Mexico	280,304	297,862	297,862
New York	2,849,537	3,028,142	3,028,142
North Carolina	1,193,509	1,268,300	1,268,300
North Dakota	151,378	146,779	146,779
Ohio	2,021,940	2,148,638	2,148,638
Oklahoma	561,688	596,886	596,886
Oregon	435,349	462,632	462,632
Pennsylvania	2,125,579	2,258,796	2,258,796
Rhode Island	180,136	184,010	184,010
South Carolina	669,159	711,085	711,085

State or Outlying Areas	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 2/
South Dakota	$ 160,903	$ 164,226	$ 164,226
Tennessee	903,802	960,443	960,443
Texas	2,507,101	2,664,193	2,664,193
Utah	289,108	307,217	307,217
Vermont	110,655	110,398	110,398
Virginia	1,004,174	1,067,098	1,067,098
Washington	644,401	684,782	684,782
West Virginia	376,088	399,658	399,658
Wisconsin	926,719	984,780	984,730
Wyoming	83,656	81,114	81,114
District of Columbia	117,950	114,367	114,367
American Samoa	13,660	13,245	13,245
Guam	22,534	23,945	23,945
Mariana Islands	13,660	13,245	13,245
Puerto Rico	702,647	746,649	746,649
Trust Territory	22,332	21,370	21,370
Virgin Islands	15,923	16,920	16,920

1/ Estimated allotment of funds under Section 102(c) and Section 103, P.L. 94-482, for the purpose of Subpart 5. Estimated distribution of total State allotment amount under Section 102(a), (b), and (c) ($599,237,797) is based on estimating fiscal year 1979 State products of: (1) fiscal year 1979 Vocational education allotment ratios, with limits of 0.60 and 0.40; and (2) the 15-19, 20-24, and 25-65 age-group population, with a minimum of $200,000 for the total State allotments, and with no State receiving less than its fiscal year 1976 amount for the total State allotment. Age-groups are as of July 1, 1976, for the 50 States and D.C., and April 1, 1970, for the outlying areas. $1,000,000 of total budgeted funds for Section 102 is reserved under Section 523 of P.L. 94-482.

2/ Estimated allotment of funds under Section 102(c) and Section 103, P.L. 94-482, for the purpose of Subpart 5. Estimated distribution of total State allotment amount under Section 102(a), (b), (c) and (d) ($655,807,992) based on estimating fiscal year 1979 State products of: (1) fiscal year 1979 Vocational education allotment ratios, with limits of 0.60 and 0.40; and (2) the 15-19, 20-24, and 25-65 age-group population, with a minimum of $200,000 for the total State allotments, and with no State receiving less than its fiscal year 1976 amount for the total State allotment. Age-groups are as of July 1, 1976, for the 50 States and D.C. The age-groups for the outlying areas are as of April 1, 1970. Of total budgeted funds under Section 102, $1,000,000 is reserved under Section 523 of P.L. 94-482.

See preceding table on "Fiscal Year 1980 Vocational Education Allotment Procedure" on page 172.

Occupational, Vocational, and Adult Education

State Planning Grants

State or Outlying Area	1978 Advance for 1979	1979 Advance for 1980 1/	1980 Advance for 1981 1/
TOTAL	$ ---	$4,992,568	$4,992,568
Alabama	---	100,499	100,499
Alaska	---	8,784	8,784
Arizona	---	55,768	55,768
Arkansas	---	55,163	55,163
California	---	435,702	435,702
Colorado	---	61,957	61,957
Connecticut	---	58,124	58,124
Delaware	---	12,381	12,381
Florida	---	181,915	181,915
Georgia	---	130,690	130,690
Hawaii	---	19,194	19,194
Idaho	---	21,540	21,540
Illinois	---	215,611	215,611
Indiana	---	126,650	126,650
Iowa	---	65,971	65,971
Kansas	---	52,570	52,570
Kentucky	---	91,445	91,445
Louisiana	---	108,060	108,060
Maine	---	28,263	28,263
Maryland	---	89,292	89,292
Massachusetts	---	127,679	127,679
Michigan	---	206,634	206,634
Minnesota	---	95,206	95,206
Mississippi	---	66,024	66,024
Missouri	---	115,682	115,682
Montana	---	19,613	19,613
Nebraska	---	36,951	36,951
Nevada	---	12,244	12,244
New Hampshire	---	19,573	19,573
New Jersey	---	134,521	134,521
New Mexico	---	34,238	34,238
New York	---	348,086	348,086
North Carolina	---	145,792	145,792
North Dakota	---	16,872	16,872
Ohio	---	246,986	246,986
Oklahoma	---	68,612	68,612
Oregon	---	53,180	53,180
Pennsylvania	---	259,650	259,650
Rhode Island	---	21,152	21,152
South Carolina	---	81,739	81,739

	1978 Advance for 1979	1979 Advance for 1980 1/	1980 Advance for 1981 1/
South Dakota	$ ---	$ 18,879	$ 18,879
Tennessee	---	110,403	110,403
Texas	---	306,250	306,250
Utah	---	35,315	35,315
Vermont	---	12,690	12,690
Virginia	---	122,663	122,663
Washington	---	78,716	78,716
West Virginia	---	45,941	45,941
Wisconsin	---	113,200	113,200
Wyoming	---	9,324	9,324
District of Columbia	---	13,146	13,146
Puerto Rico	---	85,828	85,828
American Samoa	---	1,523	1,523
Northern Marianas	---	1,523	1,523
Guam	---	2,753	2,753
Virgin Islands	---	1,945	1,945
Trust Territory	---	2,456	2,456

1/ Estimated allotment of funds under Sec. 102(a) and Sec. 103, P.L. 94-482 for the purpose of Subpart 2. Estimated distribution of total State allotment under Section 102(a), (b), (c), and (d) ($655,807,992) is based on estimating fiscal year 1979 State products of (1) fiscal year 1979 allotment ratios with limits of 0.60 and 0.40 and (2) the 15-19, 20-24, and 25-65 population age-groups, with no State receiving less than $200,000 or less than its 1976 total allotment. Age-groups are as July 1, 1976 for the 50 States and D.C. The age-groups for the outlying areas are April 1, 1970. Of total budgeted funds for Sec. 102(a), $1,000,000 is reserved under Sec. 523 of P.L. 94-482.

See preceding table on "Fiscal Year 1980 Vocational Education Allotment Procedure" on page 172.

Occupational, Vocational, and Adult Education

Adult Education

State or Outlying Areas	1978 Advance for 1979	1979 Advance for 1980	1980 Advance for 1981
TOTAL	$90,750,000[1/]	$100,000,000[2/]	$ 90,750,000[1/]
Alabama	1,788,980	1,971,921	1,788,980
Alaska	231,019	240,062	231,019
Arizona	769,742	838,917	769,742
Arkansas	1,099,144	1,205,087	1,099,144
California	6,648,292	7,373,624	6,648,292
Colorado	829,716	905,585	829,716
Connecticut	1,275,606	1,401,245	1,275,606
Delaware	353,315	376,008	353,315
Florida	2,972,916	3,288,007	2,972,916
Georgia	2,314,934	2,556,582	2,314,934
Hawaii	386,144	412,502	386,144
Idaho	394,563	421,861	394,563
Illinois	4,521,894	5,009,881	4,521,894
Indiana	2,166,392	2,391,460	2,166,392
Iowa	1,127,497	1,236,604	1,127,497
Kansas	917,292	1,002,937	917,292
Kentucky	1,747,260	1,925,544	1,747,260
Louisiana	1,788,144	1,970,992	1,788,144
Maine	530,275	572,721	530,275
Maryland	1,680,358	1,851,175	1,680,358
Massachusetts	2,151,668	2,375,093	2,151,668
Michigan	3,544,162	3,923,015	3,544,162
Minnesota	1,452,249	1,597,605	1,452,249
Mississippi	1,182,887	1,298,177	1,182,887
Missouri	2,136,877	2,358,650	2,136,877
Montana	388,278	414,875	388,278
Nebraska	657,556	714,209	657,556
Nevada	297,955	314,469	297,955
New Hampshire	411,882	441,113	411,882
New Jersey	3,026,806	3,347,912	3,026,806
New Mexico	511,985	552,390	511,985
New York	7,512,984	8,334,833	7,512,984
North Carolina	2,659,323	2,939,411	2,659,323
North Dakota	389,977	416,763	389,977
Ohio	4,271,088	4,731,080	4,271,088
Oklahoma	1,198,479	1,315,509	1,198,479
Oregon	874,987	955,909	874,987
Pennsylvania	5,071,342	5,620,657	5,071,342
Rhode Island	569,204	615,995	569,204
South Carolina	1,415,645	1,556,915	1,415,645

State or Outlying Areas	1978 Advance for 1979 1/	1979 Advance for 1980 2/	1980 Advance for 1981 1/
South Dakota	$ 402,138	$ 430,281	$ 402,138
Tennessee	2,027,219	2,236,752	2,027,219
Texas	4,963,583	5,500,870	4,963,583
Utah	438,736	470,964	438,736
Vermont	306,369	323,823	306,369
Virginia	2,150,527	2,373,823	2,150,527
Washington	1,234,711	1,355,785	1,234,711
West Virginia	995,562	1,089,943	995,562
Wisconsin	1,769,760	1,950,556	1,769,760
Wyoming	256,325	268,193	256,325
District of Columbia	445,114	478,054	445,114
Puerto Rico	1,583,639	1,743,661	1,583,639
Outlying areas	907,500	1,000,000	907,500

1/ Estimated distribution of $90,750,000 with 1 percent ($907,500) reserved for the outlying areas and the balance distributed with a basic amount of $150,000 to each State, D.C., and Puerto Rico, and the remainder distributed on the basis of those 16 and over with less than a high school diploma, April 1, 1970, with no State receiving less than 90 percent of its fiscal year 1973 amount.

2/ Estimated distribution of $100,000,000 with 1% ($1,000,000) reserved for the outlying areas and the balance distributed with a basic amount of $150,000 to each State, D.C. and Puerto Rico, and the remainder distributed on the basis of those 16 and over with less than a high school diploma, April 1, 1970, with no State receiving less than 90% of its fiscal year 1973 amount.

WEDNESDAY, MARCH 28, 1979.

EDUCATION OF THE HANDICAPPED

WITNESSES

EDWIN W. MARTIN, DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
ROBERT B. HERMAN, ASSOCIATE DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
JASPER HARVEY, DIRECTOR, DIVISION OF PERSONNEL PREPARATION
RAY SIMCHES, DIRECTOR, DIVISION OF ASSISTANCE TO STATES
GARY McDANIELS, DIRECTOR, DIVISION OF INNOVATION AND DEVELOPMENT
LEE GOODMAN, DIRECTOR, DIVISION OF MEDIA SERVICES
PETER RELIC, DEPUTY ASSISTANT SECRETARY, EDUCATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILLIAM DINGELDEIN, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. NATCHER. The committee will come to order.

We take up at this time the request for Education of the Handicapped, and we have Dr. Martin, the Deputy Commissioner for Education of the Handicapped.

INTRODUCTION OF WITNESSES

Dr. Martin, tell us who you have with you.

Dr. MARTIN. Accompanying me are Robert Herman, Associate Deputy Commissioner for Education of the Handicapped; Jasper Harvey, Director, Division of Personnel Preparation; Ray Simches, Director, Division of Assistance to States; Gary McDaniels, Director, Division of Innovation and Development, Lee Goodman, Director, Division of Media Services; Ms. Cora Beebe, Director of the Division of Planning and Budgeting; William Dingeldein, Deputy Assistant Secretary, Budget; and Peter Relic, Deputy Assistant Secretary, Education.

Mr. NATCHER. Dr. Martin, we have examined your statement and with your permission the statement will be placed in the record in its entirety and you might want to just briefly highlight this for us.

[The statement follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Biographical Sketch

NAME	Edwin W. Martin, Jr.
POSITION	Deputy Commissioner for Education of the Handicapped
BIRTHPLACE AND DATE	Oceanside, New York, September 3, 1931
EDUCATION	Muhlenberg College, Allentown, Pennsylvania 1949-53, B.A. University of Alabama, University, Alabama 1953-55, M.A. University of Pittsburgh, Pittsburgh, Pennsylvania, 1957-61, Doctor of Philosophy, Specialization in Speech and Hearing Disorders and Psychology Emerson College, L.H.D. (honora, causa), 1974
EXPERIENCE PRESENT	Deputy Commissioner for Education of the Handicapped
1974-77	Acting Deputy Commissioner for Education of the Handicapped
1969-74	Associate Commissioner, Bureau of Education for the Handicapped
1967-69	Deputy Associate Commissioner, Bureau of Education for the Handicapped
1966-67	Director, Ad Hoc Subcommittee on the Handicapped U.S. House of Representatives, Washington, D.C.
1960-66	Assistant Professor; Associate Professor of Speech, University of Alabama; Associate Professor of Speech Pathology, University of Alabama Medical School; Co-Director, Speech and Hearing Clinic, University of Alabama
ASSOCIATION MEMBERSHIPS	American Speech and Hearing Association American Psychological Association Council for Exceptional Children President's Committee on Employment of the Handicapped,

Executive Committee, Education Commission of the States - Early Childhood Task Force

PUBLICATIONS : "Client Centered Therapy as a Theoretical Orientation for Speech Therapy," Asha

"The Self as a Central Concept in Speech Therapy for Persons Who Stutter," chapter in New Directions in Stuttering

"Communication Problems of the Mentally Retarded," Alabama Mental Health

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by Deputy Commissioner for Education of the Handicapped

on

Education of the Handicapped

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to present the fiscal year 1980 budget request for Education of the Handicapped. As you know, 1980 will mark the fifth year since the passage of the Education for All Handicapped Children Act--the landmark legislation which assures that handicapped children are provided the same rights to a free, appropriate, public education that have been provided to non-handicapped children for many years. 1980 has added significance--the full-service deadline for the provision of services to children aged 3 to 21 will arrive on September 1 of that year. Our budget request totalling $1,027,825,000 is designed to reflect the role that the Handicapped Education programs play at this critical point in our efforts to meet the legislated mandate.

As in 1979, the bulk of the requested funds--$877 million, or 86 percent--will go directly to States to assist them in paying for the costs of educating almost four million handicapped children. The remaining $150 million will be used to continue ten discretionary programs which support activities such as personnel training, demonstration projects for severely handicapped children and youth, development and marketing of media products and materials, and applied research into selected aspects of special education.

State Grant Programs

In order to maintain the Federal commitment to assist States in implementing P.L. 94-142, we are requesting $862,000,000 for the State Grant program, an increase of $58 million, or seven percent over 1979. At this level, the Federal contribution will be maintained at 12 percent of excess costs. The increase is necessary to account for higher per pupil costs and an additional 150,000 children who we anticipate will be receiving services by that time. As you know, each State's allocation is based on the number of children receiving special education and related services, multiplied by a specified percentage of the national average per pupil expenditure. In 1980, the budget request will provide $218 per child toward the excess costs of educating the Nation's handicapped children compared with $211 in 1979. Since 1977, the number of children served has grown from 3.4 million to the 3.95 million estimated for 1980.

In order to encourage States to expand educational services to preschool handicapped children, $15,000,000 is requested for the Preschool Incentive Grant program, $2.5 million less than for 1979. In 1980, this program will give each State $67 for every handicapped child aged three, four, and five who receives special education and related services. The reduction is requested in view of the fact that these children also receive funds under the State Grant program, and continue to benefit through the Handicapped discretionary programs such as the Early Childhood Education program. An estimated 225,000 preschool children will be served in 1980, 10,000 more than in 1979, and 30,000 more than were served during the first year of this program in 1977.

Discretionary Programs

In addition to the two programs which provide direct assistance to States, a wide variety of activities are funded through ten discretionary programs authorized by the Education of the Handicapped Act. In 1980, $150,825,000 is requested to continue these programs. Of the ten programs, eight will be continued at the 1979 level, with two receiving slightly less funds than in the previous year.

To continue operation of 17 regional deaf-blind centers which provide direct educational services to over 5,600 deaf-blind children, $16,000,000 is requested. In addition, innovative educational practices for deaf-blind children will continue to be developed and demonstrated through the demonstration project component of this program.

For the Severely Handicapped projects, $5,000,000 is requested, maintaining this program at the 1979 level. In 1980, approximately 33 demonstration and five outreach projects will be supported to address significant needs in the education of severely handicapped children and youth.

The Early Childhood Education program is proposed for a reduction of $2 million in 1980--from $22 million to $20 million. With this amount we will be able to continue a high level of effort in the area of developing and demonstrating new methods for teaching handicapped preschool children. Since there have been over 230 model projects funded over the past five years, we believe that even with a reduced amount for the program as a whole, the objectives of the program will continue to be effectively met.

At the requested level of $2,400,000, the Regional Vocational, Adult, and Postsecondary program will continue at its current operating level. This program assists handicapped persons in postsecondary institutions acquire skills needed for gainful employment.

In 1980, as in previous years, the Innovation and Development program will support projects aimed at expanding the knowledge base underlying the provision of high quality special education. With the $20,000,000 requested for 1980, almost 190 projects will be funded, such as research and demonstration into learning disabilities, personnel development, and physical education for the handicapped.

Funding for the Media Services and Captioned Films program will be maintained at $19,000,000. Activities of this program include not only captioning and recording, but also the support of Media and Materials Centers, marketing and implementation of media products, the National Theater of the Deaf and Recordings for the Blind.

The request for Regional Resource Centers is $9,750,000, the same as 1979. These Centers assist States and local education agencies in meeting their responsibilities under P.L. 94-142. Emphasis will continue to be placed on assisting teachers in developing appropriate individualized education plans for handicapped children.

The Recruitment and Information program will be maintained at a $1,000,000 level. The two primary goals of this program are to disseminate information about programs and services for handicapped children and provide referral services to parents, teachers, and other persons especially interested in the handicapped.

The request of $55,375,000 for the Special Education Personnel Development program represents a decrease of $2.3 million from the 1979 appropriation amount for this activity. More reliance will be placed on the States to train teachers and administrators as required under P.L.

94-142. We believe that with last year's significant increase--over $12 million more than 1978--and with a continued high level of funding for this program, we will still be providing a high degree of Federal support for personnel development. At the requested level, 92,000 teachers and administrators will receive training in 1980, compared with 95,000 in 1979. Approximately 47,000 regular classroom teachers will receive training, as well as 35,000 special educators and 10,000 support personnel.

Finally, we are again requesting $2,300,000 for Special Studies to continue to measure and evaluate the progress and implementation of P.L. 94-142, as required by Section 618 of the Act.

This concludes my statement on Education of the Handicapped. I would be pleased to answer any questions.

PROGRESS ON IMPLEMENTATION

Dr. MARTIN. Yes, sir, I will be pleased to do that, Mr. Chairman.

This is really the first time we have had the chance to report to you on the progress that is being made in the States on the Education of the Handicapped Act. I know you have been serving on this committee since the level of expenditures was about $25 million for education of the handicapped. The budget request before you is for over a billion dollars for education of the handicapped. So you have seen this incredible growth in the last decade. You and your colleagues have made it possible for the handicapped children to receive a free and appropriate public education.

This year, almost every State has increased the numbers of children served. There are 190,000 more children receiving special education than there were a year ago. That actually is an even more impressive figure since overall school population has declined about 2 percent, which might have resulted in a proportional 70,000 children decrease.

A few States, interestingly enough, are reporting fewer children served. New York has reported some 25,000 fewer children than last year, and Texas has also shown a decrease. We are not sure why those States are serving fewer children, but we are trying to determine the reasons. We do not necessarily think it is bad. It may just be the result of unique demographic aspects of their particular populations. In New York for instance there is an alternative program which serves several hundred thousand children who have minor learning problems but who are not classified as handicapped per se.

In general, about 45 of the States have reported significant increases. Kentucky reports about 3600 additional children as the Act is begining to catch hold. The States are increasing their commitment to children, and the Federal funds are gradually becoming available. Because of the forward funding pattern, the funds are just beginning to impact this year. We will move from a $252 million level last year to a $565 million level in fiscal year 1979.

The rate of growth doubled this year as compared with last year in terms of new children served.

So I think we have a positive report in terms of the response of the country to the mandate of educating all handicapped children.

We are expecting in this budget year that the $862 million will serve 3.95 million children, which would be about 150,000 more than we served this current year, and which seems reasonable considering the increases which I reported to you a moment ago.

In addition to that, we are requesting $15 million to encourage preschool programs, $2.5 million less than in 1979. However, the States may also spend monies from the basic formula grant program for preschool programs and we are also stimulating efforts with our model program, and we think the total number of children served will in fact increase rather than decrease.

We are asking for $150 million in our discretionary programs to operate centers for deaf blind children and to provide new models to the States to educate handicapped children at home. We are showing progress in this area too. In the last 2 years more than

25,000 children have left State hospital programs and are now being educated in programs in the local school district.

Our model early childhood program continues to be an extraordinarily successful program. We have supported over 230 model projects and have been tracking their success. Of the earliest models 90 percent are still in operation, funded by a variety of State and local sources. Their impact on the development of new knowledge about how to work with handicapped children has been impressive indeed.

At present we are emphasizing programs for youngsters 0 to 3 and finding that in addition to the hospital programs and clinical programs that are interested in this population, more and more schools are beginning to offer such programs with our support to provide early intervention and try to reduce later injury and illness.

For our innovation and development program we are asking for $20 million to fund approximately 190 projects in areas ranging from applied research to developing new materials for teachers and new procedures and methods for educating children.

Our innovation program extends into the media area as well. You may have noticed that on Friday the Secretary announced a joint venture with the American Broadcasting and National Broadcasting Systems and Public Broadcasting Service that will enable us beginning next year to make captioned television available approximately 20 hours a week. We think that about 2 million deaf persons and 10 million hearing-impaired persons will benefit from this activity. Federal involvement in this area began in 1958 when Congress passed the first program in education of the handicapped, providing a loan service of captioned films for deaf persons. That program has grown today to this major announcement by the networks and by HEW that closed captioning of programs will become a reality on both public and private television.

We are asking for $9.75 million for a regional resource center program, which is now concentrating on assisting teachers to develop individual eduction programs. Our recruitment and information program is being maintained at the $1 million level. The two primary goals of this program are to disseminate information about programs and services for handicapped children and to provide referral services to parents, teachers, and other persons especially interested in the handicapped.

The "Closer Look" television commercials supported by this activity have been widely praised because they present disabled people in a variety of action-oriented activities as opposed to portraying them as the recipients of charity. One of our commercials has been cited by professionals in the industry as one of the 10 best in the world, the only public service announcement that was so honored.

Finally, we are asking for $55.3 million to train needed personnel. We will train 92,000 teachers with these funds. About 47,000 of them will be regular classroom teachers, about 35,000 people will be special educators, and an additional 10,000 will be support personnel who work with handicapped children.

Those are the highlights of the budget, and I thank you for the opportunity to answer any questions you might have.

PUBLIC LAW 94-142 MANDATE

Mr. **NATCHER**. Thank you very much, Dr. Martin.

The Education for All Handicapped Children Act mandated that by September 1, 1978, all school age handicapped children must be assured of a free appropriate public education. How do you feel about it, Dr. Martin? Have all of the States met that mandate?

Dr. **MARTIN**. The answer to that is complex but, on the whole the answer is yes. All of the States, but New Mexico, have agreed to participate. They have made the commitment in writing to us that they would educate all handicapped children and that they would develop appropriate policies, procedures, and regulations and, in some instances, change State statutes to achieve this goal.

We are now monitoring and finding great progress. For example, when we monitored early in the first year we found in about 25 percent of the school districts could find no evidence of individual education programs for children, one of the requirements of the law. This year in only 4 districts out of 100 did we find that even some children did not have individual education plans. This is clear evidence of progress. But there are some problems which remain.

I am going to submit for the record an example of a story that is in the news in the Washington Star this weekend which highlights the problems that some districts are having. As the article points out, if a school district does not feel that it has enough money to educate all of its handicapped children, there is a kind of pressure in those districts on the teachers not to recommend children for services until there are additional staff available to provide them. You will see, for example, in the bottom of the second column it says:

> In some cases, teachers say the plans are being approved and adjusted to fit the country's available services by their superiors in the school system before even being presented to the parents. In other instances, they say the related services listed as needed in the IEPs are not being carried out because of the lack of personnel or money.

[From the Washington Star, Saturday, Mar. 24, 1979]

TEACHERS SAY SCHOOLS IGNORE HANDICAPPED

A federal law calling for a "free and appropriate education" for all children has forced some Maryland school systems to lie, say special education teachers who are faced with what they call serious ethical and professional compromises.

One counselor likened the situation created by the law to a "powder keg ready to blow up," while another educator said that, as a result of the legislation, "many shady things are going on."

Teachers in several counties say the school systems are not in compliance with the law. The alleged violations, they say, are leading to one thing—less educational support service for children who need it the most.

Federal Law 94-142 mandates the provision of a free and appropriate public education to all handicapped children in the least restrictive environment. The public education, the law says, includes special education and related services to meet the child's unique needs.

Related services are developmental, corrective and other supportive services that are needed to help a handicapped child benefit from education. Those include speech pathology and audiology, psychological services, physical and occupational therapy, and counseling.

The education must meet the individual needs of a child as determined through an individual educational program, or IEP, which is formulated following testing, interpretation and diagnosis of his needs.

Federal law stipulates that the IEP be developed and sign by the parents before service is given to the child.

The concerns of most of those interviewed rest with the formation and implementation of the IEP.

In some cases, teachers say the plans are being approved and adjusted to fit the county's available services by their superiors in the school system before even being presented to the parents. In other instances, they say the related services listed as needed in the IEPs are not being carried out because of the lack of personnel or money.

State officials say they suspected that some counties were failing to comply with the law concerning services rendered.

Fearing that they would lose their jobs, most of those interviewed asked not to be identified. One said teachers were reluctant to talk because they have been told there are "a lot of people waiting for jobs."

"We are child advocates. We are in positions of some influence," one special education teacher in Anne Arundel County said. "Why should we give up positions where we can get something done? Why give that up and let someone come in and take over?"

Teachers in Charles and Prince George's counties also said their subdivisions were not in compliance concerning the IEPs.

While the teachers agreed that remedies have to be taken, they add that they will not be the ones to come forward.

A special education teacher in Anne Arundel County said she has "never gone out and met with a parent and drawn up an IEP without first having it approved."

The law says the children must receive the services they need, not just the services that are available. In some instances the funds are approved before the parents have a chance to see the IEPs and agree on what services are necessary. That violates the spirit of the law as well.

The teachers are saying that they feel that their jobs would be in jeopardy if they complained about this considering the number of teachers looking for work.

Our own data support these findings. We are aware there are waiting lists for services in 9 districts surveyed. The law does not allow waiting lists, so the school district cannot admit it has one.

We are trying to convince these school districts to set a schedule for reducing waiting lists, and to behave in the same way the courts would, that is, to give them time to resolve the problem.

On the positive side, wherever we go in the country we find increased numbers of children served as well as increased services. We also find very serious consideration by school officials and others of the needs of handicapped children. The spirit of the law is moving forward. At the same time, the effort is less than 100 percent because the basic issue of availability of resources. The lack of adequately trained people tends to slow up the mechanics of finding and serving children. We are going to have to increase the effectiveness of parents as they interact with the school systems over the next few years in order to continue the forward momentum.

PROGRESS OF STATES

Mr. NATCHER. Mr. Martin, by September 1980 all handicapped children aged 3 to 21 must be served. Based on your proposed level of funding, will the States be able to meet that goal?

Dr. MARTIN. Our budget request assumes an increase in the numbers of children 18 to 21 that might be added in this year. The question of how many of them will come into the system is very difficult to predict because many States have not educated these youngsters at all. We feel there is a very small number—less than 1 percent of a potential population of 5 or 6 percent—that are now being served. I think there will be progress especially for persons 18 to 21 years of age.

Mr. NATCHER. As you know, the State grant program is advance funded?

Dr. MARTIN. Yes.

RATE OF SPENDING STATE GRANT FUNDS

Mr. NATCHER. Because of the many requirements of the basic law, States appear to be having problems in taking full advantage of advance funding. Do you feel the States have sufficient time to effectively plan and use their Federal grant?

Dr. MARTIN. Yes, I do. Two things are happening. One is that in the last two years there have been a number of new and substantial requirements. Virtually every State has had to revise its statutes or regulations. That means that they have been in a process of negotiation with us, which has resulted in their not receiving the obligation from the Federal Government on the first day of availability. Some negotiations are extremely complex. For example, last night I spent an hour on the phone with the Commissioner of Education of Minnesota trying to resolve a difference between the rights that parents have under Minnesota law and those that the Congress has required under Federal law.

Now fortunately, those new requirements of the law are finally in place. Next year's State plans will be essentially a repetition of this year's and should be handled very quickly.

Furthermore, the plans for the succeeding three year period will be approved at one time. So I believe we have completed the startup phase.

The second factor affecting the expenditures by States is the Tydings amendment, which allows the States an additional year following the year that the funds are obligated to them to continue those obligations to the local district. In other words, the money is available for two fiscal years.

Under the current arrangement it could actually be available for 3 months longer if it is awarded on July 1 of the fiscal year of appropriation. There has been a question of whether the money is flowing fast enough, but it must be understood that commitments are not made by the States on the first day of the fiscal year, but rather in a more ordinary fashion across the first fiscal year and into the second.

I see nothing wrong with that. I think it avoids the problems we have in Title I, where the government funds are obligated very quickly. Some of them were spent at the end of the first year on equipment and supplies.

I think the schools are gearing up to a rapidly rising appropriation, from $252 million in 1977 to $565 million in 1978, to $804 million in 1979, and finally to $862 in the budget year. I think this is going to work out very well indeed starting with the beginning of the next fiscal year.

NOTIFICATION OF AWARDS TO STATES

Mr. **Natcher**. In the 1979 Appropriation Bill, $804 million is included for the State grant program. That is based on excess costs of 12 percent of per-pupil costs. The basic law authorizes 20 percent. Have the States been notified of their allocations of the 1979 appropriation?

Dr. **Martin**. The States know approximately what they will receive, but not to the exact penny. The distribution of the 1979 appropriation will be based on the child count which will not be conducted until December 1, 1979. Under our regulations, the States must report to us by April 1, 1980. Then, once we have the national average per pupil expenditure we will know how much each State will get. The chart suggests if there are 3.8 million children the amount per child will be approximately $211. Of course, if the number of children reported is somewhat less that that, then the per child amount will be slightly more.

Mr. **Natcher**. Mr. Conte.

SECTION 504 STUDY

Mr. **Conte**. Thank you, Mr. Chairman.

I want to welcome Dr. Martin before the committee and congratulate him for the fine work he is doing in this field. Is your office the one doing the study on the Section 504 renovation of schools and universities for the handicapped and limited access?

Dr. **Martin**. No, sir, we do not have that primary responsibility. That responsibility is shared by the Office for Civil Rights and the Office of the Assistant Secretary for Management and Budget.

Mr. **Dingeldein**. There are studies that are being done, as Dr. Martin mentioned. One study is being done by the National Center for Education Statistics and another by the Office of the Assistant Secretary for Planning and Evaluation. We expect the information from these studies to be available to the Congress by April or May.

Mr. **Conte**. The reason I ask that question is because I felt Dr. Boyer would be here. We had some questions last year on this. Do you have any estimates of the costs at this point?

Mr. **Dingeldein**. No. But the studies will address those concerns.

Mr. **Conte**. So we will have them before we bring this bill to the floor of the House?

Mr. **Dingeldein**. I am not aware of the schedule for House action.

Mr. **Conte**. You said May?

Mr. **Dingeldein**. April or May.

ATTITUDINAL CONCERNS

Mr. **Conte**. It will go to the floor in June. So I think it is very important. We will certainly have a great deal of debate over that one. I would like to know where we will be at that point.

I am pleased that all handicapped children will be served by educational programs. I think this is a fine achievement, but in a broader sense, is there or is there not a growing acceptance and integration of handicapped in our education institutes, into our workforce and into our society as a whole? Is there an attitudinal change regarding our handicapped taking place?

The second part of my question would be, what are you doing to encourage this change?

Dr. **Martin**. Yes, there is a change. The question of attitude is a major concern of people today. For example, last week I met in Boston with the representatives of 5 parent groups from around the country. They already are sensing increasing concern—both in press covering of the Education of the Handicapped Act, and in discussions with other parents about whether the law was going to have a negative effect on services to non-handicapped children.

Parents of handicapped children fear a kind of backlash in the attitude area. They sense that this is based on an un-familiarity with handicapped children. In other words, years and years of segregation of handicapped people has resulted, in some people at least, a fear of the handicapped, and an uncertainty as to whether they might in some way be disturbing to their non-handicapped children.

I have been concerned about this. For some reason the newspapers find that particular story more newsworthy than the fact that 60 percent of the handicapped are being educated with nonhandicapped children. In many States such as your own which have virtually all handicapped children enrolled in programs, this is viewed as a highly positive and desirable social change with no harm resulting. Nevertheless, the questions surrounding mainstreaming persist. The feedback we are getting from the teachers and pupils in the second year of implementation is that the fears exhibited in the first year are disappearing in many districts. At the same time there is the concern of some teachers, and school administrations whether this change is too dramatic or in some other way upsetting.

We are working on the attitude problem in a variety of ways. We are putting a tremendous amount of attention into trying to provide teachers with information, even though there are 2 million teachers out there and it is very hard to teach all of them. Most of them are, in a sense, educationally deprived, in that we have not trained them to interact with handicapped children. Many have not even had a 3-hour course in special education.

We are training more than 50,000 teachers ourselves, and the States are also contributing a great deal. One of the major areas of expenditure of the portion of the State Grant funds that stays at the State level is for inservice training. The States predicted that more than a quarter of a million people including parents and teachers would get additional information about the Act this year.

We also have been making a number of educational programs available on television, in the movies, and in classroom educational films, to introduce notions of disability to nonhandicapped children. Those programs have been well received. Our own Closer Look newsletter focuses on showing the handicapped children doing things successfully in life. This year we were joined by the Xerox Company in supporting an AAAS project which has a Xerox physicist, who is deaf, making a series of visits around the country to talk with both deaf and nondeaf children. He spoke of his own experience both as a handicapped person and as a scientist. The purpose of this project was to both deal with attitudes and to provide a good role model for deaf children.

I think it is a major undertaking. It is one of the reasons why I am increasingly convinced that we are going to have to spend more time on inservice training. I have asked the staff to begin sketching out a plan which would eventually be able to pyramid and reach down to every teacher in the country. Also, I think we have to support more parent groups who would provide factual information that would be reassuring.

MONITORING OF FUNDS

Mr. **Conte**. Very good. I think you are moving in the right direction.

You mentioned money going to the States that stays in the States. How are the funds for the handicapped which flow through the State agencies that you mentioned monitored to make sure that this money is used correctly and effectively, and how do they reach the LEAs or the public schools?

Dr. **Martin**. Let me answer the second part first. It flows through on a formula basis. Massachusetts will get a share depending on their handicapped child count—so much per child—as will each other State. Twenty-five percent of that can be made available to the State education agency itself. Only 5 percent can be spent for administration costs. The other 75 percent flows through the SEA to the local districts.

For example, in Massachusetts this year $955,000 was spent for administration. Most of that was for program monitoring 53 percent, was alloted for support of program monitoring of local agencies. Of the $3.8 million, the State's 25 percent share, the largest two expenditures were for providing direct service to adolescents in the department of corrections and youth service, and another 20 percent went to preschool programs for children which are not otherwise covered under the Massachusetts law. In addition to these services about 15 percent of the State share was for inservice training, and 11 percent for programs at the high school level.

Of the 75 percent that flowed through the SEA to the locals, 80 percent went to provide direct services to children, about $1 million went to preschoolers, $3 million to secondary school children, and $3 million to elementary school children. Another 7 percent went for inservice training. That is a description of what is happening.

The question of monitoring is an interesting one. We monitor very carefully. We monitored about half the States each year. We spend a week in each State, visiting 10 or 15 sites. Also, we assist the States to set up their own monitoring mechanism.

In Kentucky, for example, what the State education agency told us was that they experienced a profound change in their operation. They switched from being an agency which gave advice and technical assistance into an agency which is now monitoring at the local levels to see that children are getting the services they need.

Mr. **Conte**. Thank you very much.

Mr. **Natcher**. Mr. O'Brien.

FUNDS FOR ACCESSIBILITY

Mr. O'**Brien**. Dr. Martin, I think the Federal Government has a responsibility to assist the States with reference to program accessibility. I have the impression you share the view with me, but I note no funds are requested.

Dr. **Martin**. I think there are basically two reasons, Mr. O'Brien. The first is that, as I mentioned, the reports we are getting on our monitoring visits, from our evaluations, and even from newspaper articles are that there is a real pressure to provide direct services, that children are not getting as full a range of services as they should, that some children are on waiting lists.

We are not hearing that the basic problem in delivering those services is accessibility. It is more a question of the availability of dollars to pay for basic services, such as hiring new teachers. So we simply have made the first priority for whatever dollars were available for increasing the services.

CRITERIA FOR COUNTING CHILDREN

Mr. O'**Brien**. If this article in the Star that you handed out is generally true, I might say, for example, suppose I had a handicapped child that needed constant wheelchair type of care. I can fancy getting that child registered in school in my home area. I suspect that child is included in the formula, is it not? But that child probably is not getting the education?

Dr. **Martin**. It depends. In order for the child to be counted and thereby generate funds, the child has to be getting an individual education program. There has to be a special education program designed for that child. It might include, in the case of the youngster you are talking about, a program of physical therapy, but the child would not be counted unless there was a special education program of some kind for that child.

Mr. O'**Brien**. Is that the way it ought to be? How can you be sure that is the way it really is?

Dr. **Martin**. We know from our monitoring findings that this is the way it is working right now. We find most children have such programs. The problem is not so much that some of the programs are not as comprehensive as they should be as much as it is that services are not being offerred because they are not available. That is the catch 22. For example, when I talked to the Secretary of Education in Illinois about how he felt Illinois would spend this money—Illinois has had a strong education law for a number of years—he did not feel it would necessarily go into finding new children. He felt the services Illinois was providing were not as comprehensive as they should be. He felt most of the money would go into expanding these services and making them more comprehensive.

I am not suggesting that access to buildings is not important, but, in terms of formulating this budget, we believe that it is more critical for funds to be targeted on driving the services forward, to try to keep the momentum going forward for services. The issue of facilities can be handled separately.

Mr. O'**Brien**. Didn't you request program accessibility funding for higher education last year, and was that not dropped this year?

Mr. **Dingeldein**. Mr. O'Brien, last year the committee asked us to develop better cost estimates. Studies are now underway to develop estimates. It is our view, therefore, that they should be completed before determining what further action is necessary.

MAKING PROGRAMS ACCESSIBLE

Mr. **O'Brien**. Are there any States, Doctor, that in the light of 504 are simply going ahead and devising ways of making school buildings reaccessible without singling out the child?

Dr. **Martin**. Yes. I think the secret to 504, Mr. O'Brien, is that you can make programs accessible without necessarily redesigning buildings. For example, classes can be offered in accessible buildings or on the first floor. I think there are a number of ways that school districts can cope with the problem. It is only in a few instances where there will be an actual physical barrier to a youngster taking a particular course because there is no other place that can be offered.

Mr. **O'Brien**. If you have an area where you have two very old-fashioned school buildings and one very modern one which is quite accessible, do you have any problems if the school administrators funneling the handicapped kids into that school on the notion you are not getting them in the mainstream or something of that sort?

Dr. **Martin**. I believe that is the kind of situation where "reasonable accommodation" needs to be looked at individually. I would assume if there were no serious negative consequences such as moving children very far from the home or in some way artificially isolating them, the answer would be no. I believe that assessment of reasonable accommodation that has to be determined on an individual basis.

Mr. **O'Brien**. After the estimates that the gentleman referred to are turned in, would you support delaying the date of compliance or adding something to the budget for accessibility?

Dr. **Martin**. No. I do not believe that such a congressional action would be helpful. Even though we are supposed to be doing 100 percent now, we know Rome was not built in a day, so we have to keep the pressure on. I think the studies should determine to what extent accessibility is a realistic barrier to educating handicapped children and also, how much elimination of barriers will cost. It has been quite a big issue in higher education, but we are not getting a sense from local superintendents that the main barrier to providing services to the handicapped is one of access. There are other services that 504 requires, interpreter services, or help for blind persons, that are also important 504 concepts as well but do not necessarily require architectural modifications.

Mr. **O'Brien**. I think that is all for now.

Mr. **Conte**. Would the gentleman yield?

Mr. **O'Brien**. Yes, I will.

Mr. **Conte**. I hope that report will come out in May because I have opposed my good friend on the right and it hurt me greatly on the floor. We tried to put the money into 504 and our big argument at that time was the study, so I said: "Let's wait until the study comes and then we will have some good, solid figures. And at that time, when that comes, I will be alongside you."

So let's make sure we get that study up here and completed.

Mr. O'Brien. Thank you, Mr. Chairman.

Mr. Dingeldein. I am hoping we will be able to meet that deadline. A letter was sent to the chairman in January indicating that we would have studies completed by that time.

Mr. O'Brien. You might jog his memory.

Mr. Natcher. Mr. Pursell.

Mr. Pursell. Thank you.

I just wanted to finish up on that area of discussion. The mandate was for June of 1980.

FULL SERVICE MANDATES

Dr. Martin. Two separate mandates: the one for schoolage children was September 1, 1978—children 3 to 18—with the provision of services to the 3- to 5-year-olds only if it is not in conflict with State law or practice. In Michigan services to 3- to 5-year-olds are required.

The eighteen to 21 age group has the same kind of caveat; that is, where such programs are offered to nonhandicapped children or where State law requires services to those youngsters, then the Federal law will also require services to that population. That becomes effective on September 1, 1980. If, however, there is neither State practice nor law requiring services to nonhandicapped children in that age range, then that particular age range is not included. The concept is one of equity. The law says the handicapped should have an equal opportunity for those services.

GIFTED AND TALENTED PROGRAM

Mr. Pursell. We spent some time last year on the gifted and talented program and, now we seem to be having some difficulty concerning where the guidelines should be within HEW. I think we are interested in Title IX, and I guess your office has considered that, but there is some discussion of Title III. Could you clarify that for us?

Dr. Martin. Yes. We began thinking about the program before the Congress completed work on the new Title IX. In the early stages of budget planning, to assure the continuity of the program, we placed it into a general discretionary pot of money. Since that time, Title IX has been passed, and we are in the process of drafting our regulations for Title IX.

Discussion is continuing in the Department about whether it would make sense to simply operate the program under Title IX or to operate it under Title III as we presented it in the budget. In any event, the program components will be similar. We will make grants to the States, to the local education agencies. I assure you that I will administer the program in as close harmony with Congressional intent as possible.

Mr. Pursell. You say you are going to follow the intent of Congress?

Dr. Martin. I certainly intend to do that, yes.

MAINSTREAMING

Mr. **Pursell**. I have a lot of trouble with the whole problem of mainstreaming. Years ago, as a teacher and administrator, it would have not been so hard to handle that transition if you had a low pupil-teacher ratio, especially at elementary levels. But some urban centers are dealing with big class ratios and to put identifiable handicapped persons in such situations even with special funding, special projects, and the bringing in of special teachers from time to time, puts an enormous burden on a classroom teacher.

It just seems to me we can not develop a uniform policy saying mainstreaming is the answer, because in some areas I do not think it is—whether it be academically talented or severely handicapped. A teacher can in no way give special attention to those unique problems when they have enormous classes. Mainstreaming, to me, is rather frightening in the long run because I think they are going to get minimal attention rather than special attention.

What is the HEW policy, if we have one, that says we should mainstream, or we should not, or has flexibility been provided within given states so that they may enjoy a more common-sense approach to this?

Dr. **Martin**. This is the issue that I referred to earlier, and I may not have clarified it sufficiently. What you just said is sensible, and I believe that is what the Congress intended when they wrote the law, and our instructions to the States follow that pattern. The Congress said that a child should be educated with nonhandicapped children, where that is appropriate and where the child can benefit.

Mr. **Pursell**. It did not really mandate it.

Dr. **Martin**. That is right. It is not mandated by the law. There is no such word as mainstreaming in the law. If one had a youngster in the situation you were describing, a large class in which the child was not really able to do well and the teacher could not deal with the child in order to help that child do well, in our opinion that to us would contradict the legislative intent. The law does not expect children to be inappropriately placed just to be educated with nonhandicapped children. It expects the children to be appropriately educated in whatever setting is right for that child and with whatever resources are available for that given child.

The situation where a child demands more help than the regular classroom teacher could provide is an inappropriate one. There should be help brought into the classroom so that the teacher would not be on her own. We prefer the latter model with the addition of an aide or another special consultant teacher who can help to keep the youngster in as normal a setting as possible.

The question is, why does this fear persist? The local school districts are the people who make such assignments. We do not make them in Washington. The local school district is making assignments on the basis of whatever its advising committee feels are the right reasons. If their judgment is wrong, all they have to do is stop doing that. In fact, the annual appraisal called for by the law requires discussion of such judgments. If, for example, the teacher or the parent objects, then they should reassign the child. There is no pressure from us to reassign children incorrectly. I think some schools may be overreacting, There also may be some "economics" at work, perhaps a feeling that this is a cheaper way out

Some teachers report to me that they think this may be happening. I hear teachers say, "Yes, I have kids in my class who should not be there." There are people who believe that teachers should say this openly so there can be debate. Our feeling is that mostly this is thought about, and not necessarily happening. We are not finding from our evaluation studies that that is a very frequent problem, but I must say to you that every time a television station or a newspaper publicizes this issue there are people who complain about a problem.

The reality is that there may be a problem, but the solution is a local one —it is there that the decision is made to educate a child in a particular setting.

ADEQUACY OF FISCAL YEAR 1979 FUNDS

Mr. **Natcher**. Dr. Martin, at this time do you feel that the States can meet the commitment to educate handicapped children with their allocation of the 1979 funds?

Dr. **Martin**. I think that the answer is not an absolute yes. I think that the budget provides for reasonable growth. It provides the opportunity for maintaining momentum. I am not sure that even with an unlimited budget that States could necessarily put it all in place in 1 year. My feeling is that this program is going to continue to proceed over the next few years knowing that the overall budget constraints will operate as they do on any Federal program. Obviously there are reasons for us not to want to increase expenditures during an inflationary period; but I cannot honestly say to you that yes, I think I will come here next year and tell you everything has been done. It is a much more complex problem above and beyond a dollar problem.

Mr. **Natcher**. Dr. Martin, do you believe that all of the 1979 appropriation will be required?

Dr. **Martin**. Absolutely.

Mr. **Natcher**. We understand that the State of New Mexico did not apply for a payment under the State grant program for the 1977-78 school year and has similarly not applied again for the 1978-79 school year. Is this still the current situation as far as New Mexico is concerned?

Dr. **Martin**. Yes.

Mr. **Natcher**. Is there any change?

Dr. **Martin**. This is the second year they have made that decision, and they have until September 30 to change their minds. I understand their school board is split with a 5-5 vote. That the Governor is recommending participating and that the school district is trying to cooperate without going through the State. I have a hunch they may change.

UNOBLIGATED BALANCES

Mr. **Natcher**. On page 190 of your budget justifications you show an unobligated balance of $500 million available for 1979. Why this large unobligated balance, Dr. Martin?

Dr. MARTIN. That was at the start of the year, sir. The budget for 1979, as it would be reflected here, simply would reflect the beginning of $565 million. We obligated all the money available to us last year, $252 million. We intend to obligate all $565 million available to us this year. As I mentioned to you earlier, we have obligated about $350 million of that already. We are still in negotiations with some States.

But the processing of our obligations as of December is moving very rapidly. Two years ago we had obligated $26 million at that point. This year, $300 million. A part of what must happen is the submission by the States of a complete plan that meets the Federal requirements. As soon as they do that we move those dollars out.

Mr. NATCHER. Will you have any carryover in 1979 funding?

Dr. MARTIN. No.

Mr. NATCHER. Into 1980?

Dr. MARTIN. No. All funds should be obligated by the end of fiscal year 1979.

Mr. NATCHER. For the record, if you will, insert a chart on State grant programs showing appropriations, obligations, expenditures and balances for each of the fiscal years starting with 1977.

[The information follows:]

State Grant Program: Funding History
1977-1979
(Dollars in thousands)

Fiscal Year	Appropriations	Obligations	Carryover	Expenditures	Obligated Unexpected Balance End of Year
1977	$251,770[1]	---	$251,770	---	---
1978	566,030	$305,891	511,909	$127,860	$178,031
1979	804,000	1,315,909	---	225,922	1,268,018[2]

1/Actual appropriation was $315,000. However, due to a low child count, $63,230 was authorized to be transferred into the 1978 FY appropriation.

2/Includes obligations of $804,000 made during last three months of fiscal year.

INCREASES IN STATE AND LOCAL FUNDS

Mr. NATCHER. Has the pattern of increased Federal support for the education of the handicapped children over the past several years been matched by similar increases in state and local funding?

Dr. MARTIN. Yes. In fact, in many instances the numbers have been dramatic. We have information from several States showing how they have increased their funding. For example, Minnesota reports $190 million being spent in State and local funds, against about $9 million or $10 million Federal funds. Mississippi and Alabama have doubled and tripled the amount of money they are spending over the last two years.

Mr. NATCHER. As you know, last year the committee asked for semiannual reports on progress and problems concerning all handicapped children. We received the first report on March 1, and at this point in the record we will insert the Executive Summary, pages 1 through 5.

[The information follows:]

Executive Summary

This is the first of a series of Annual Reports to Congress on progress in the implementation of P.L. 94-142, the Education for All Handicapped Children Act. The Act calls for reports to be delivered to the Congress each January. This report describes activities occurring during the year preceding the effective date of the Act (school year 1976-77) as well as during the first year of implementation (school year 1977-78). Highlights of the report are organized by chapters.

Chapter One: Are the Intended Beneficiaries Being Served?

- About 3.6 million handicapped children were served under P.L. 94-142 and approximately 200,000 handicapped children were served under P.L. 89-313 during the 1977-78 school year.
- States served 7.4 percent of the nation's school-aged population as handicapped; however, States varied in their proportion served from 5.2 percent to 11.5 percent.
- Previous estimates of the prevalence of handicapped children indicated that approximately 12 percent of the school-aged population were handicapped. This would mean about 5.5 million school-aged children are the expected target for services. The estimate of 7 to 8 million handicapped children used by Congress includes children in the 3-5 and 18-21 age ranges, where services are not mandated under the law.

- The department has adopted a goal of improving child identification practices to insure that unserved children are located and served. 164b

Chapter Two: In What Settings Are Beneficiaries Being Served?

- P.L. 94-142 requires handicapped children to be placed in the least restrictive environment commensurate with their needs.
- State Annual Program Plans indicated that extensive training in the principle of least restrictiveness would be provided to parents and teachers, as well as to a variety of other school personnel.
- The predominant placement for handicapped pupils during the 1976-77 school year was the regular classroom with auxiliary services.
- There still is a need for school systems to develop more options for placements of handicapped children and to alert their staffs to the availability of these options.

Chapter Three: What Services Are Being Provided?

- P.L. 94-142 requires provision of special education and related services (such as transportation or support services) to handicapped children. Because of the variety of handicapping conditions children may have, the array of possible services needed is broad.
- The average teacher/child ratios during the 1976-77 school year ranged from 1:44 for speech-impaired children to 1:10 for deaf or hard of hearing children.
- States may need as many as 85,000 new special education teachers in the next 2 years to provide adequate services to all handicapped

children, but universities are currently producing only 20,000 such teachers each year.

- The Personnel Preparation Program, which provides support for training special education teachers, is increasing its support of in-service training both for special education teachers and for regular education teachers.

Chapter Four: What Administrative Mechanisms Are in Place?

- The U.S. Office of Education has completed development of regulations, a monitoring system, and an evaluation program.
- Interagency agreements have been developed with the Office of Child Health, the Bureau of Community Health Services, Rehabilitation Services Administration, the Bureau of Occupational and Adult Education, the Public Services Administration, the Administration for Children, Youth, and Families, and the Office for Civil Rights.
- As part of Program Administrative Reviews, 26 States and territories were visited during the 1976-77 school year and 27 were visited during the 1977-78 school year. During the first year, State activities were reviewed for compliance with P.L. 93-380 and for readiness to implement P.L. 94-142 amendments. During the second year, State compliance with P.L. 94-142 was determined.
- Although State activities have been enormous, two problems continue to exist. First, many States have had difficulty establishing systems by which to monitor implementation in local agencies. Second, many State educational agencies have had difficulty establishing relationships with other State agencies which serve handicapped

children. The Act requires the State educational agency to oversee educational programs provided by all agencies.

- When Bureau monitoring visits determine that problems exist, States are required to develop corrective actions and are given deadlines by which these actions must be completed.

Chapter Five: What Are the Consequences of Implementing the Act?

- Both State and local educational agencies are developing management information systems to keep track of handicapped children and personnel assignments.
- Special and regular education teachers and administrators, as well as parents, have devoted more time to identifying children's needs, developing individualized education programs, and determining the optimal placements for handicapped pupils.
- The current allocation formula provides local agencies with flexibility to increase those services that are most needed in their jurisdiction.

Chapter Six: To What Extent Is the Intent of the Act Being Met?

- Given that the Act has only been in effect for one school year, a great deal of activity has occurred.
- Federal appropriations have increased from $315 million in FY 1977 to $804 million in FY 1979, thus providing States with a large increase in financial assistance to meet the goals of the Act.
- Many of the problems that were expected to impede implementation are being resolved.
- States must increase their efforts to find undiagnosed handicapped children and provide them with the services they need.

CHILD COUNT

Mr. NATCHER. Looking ahead to next year, your budget is projecting an increase in the number of handicapped children to be served. Your estimates in the past have been on the high side, Doctor. What do you think? Are your current projections fairly accurate?

Dr. MARTIN. I feel very good about them. Our projections were high in the first year or two, it is true. We were surprised that the States were doing less well than they had been telling us earlier when we did not count children carefully. But the rate of growth this year is twice as fast as last year; and, we are only projecting an even rate of growth for the year that the budget reflects. If anything, I think we would not have difficulty sustaining the rate of growth we have already achieved. If we have as many youngsters added to the system next year as we did this year, we will be right on target.

Mr. NATCHER. What proportion of handicapped children now being served are classified as learning disabled?

Dr. MARTIN. About 28 percent of the youngsters of the total population. In the first report it was 21 percent, but it is up some from that.

Mr. NATCHER. Suppose you place that in the record at this point, please.

[The information follows:]

Number of learning disabled children

School Year	Children Reported	% of Total	% of Pop. 5-17
1976-77	797,213	29.9%	[illegible].55%
1977-78	969,423	27.3%	1.8[illegible]%
1978-79*	1,059,045	30.6%	2.26%

*The 1978-79 count is incomplete as of 4/11/79. 52 out of 58 States and territories have reported.

USE OF FUNDS FOR ACCESSIBILITY

Mr. O'BRIEN. Doctor, have you found any instances of use of funds for accessibility that were not necessarily specifically appropriated or given to schools for that that might be used for that?

Dr. MARTIN. Theoretically, districts could petition the Commissioner for permission to spend some of these funds on construction and maintenance activities, that is, for accessibility. The law provides for this a possibility. We have not had such petititons so far.

Mr. O'BRIEN. But it requires a petition in order to do it?

Dr. MARTIN. That is right.

Mr. O'BRIEN. Thank you, Mr. Chairman.

Dr. MARTIN. Mr. Natcher, we had estimated that perhaps 3 percent of school-aged children would have learning disabilities. This year it is 2 percent. It is growing rapidly but it is still under our 3 percent estimate.

Mr. **Natcher**. Do you think this category has grown, Dr. Martin, because children are easier to serve than the severely handicapped?

Dr. **Martin**. No. I think what has happened, Mr. Chairman, is that we are just beginning to understand that these children are not lazy, misbehaving children; but that they, in fact, have these peculiar and discrete and frustrating kinds of reading and mathematics problems. These youngsters have in the past been marked off as kids who are not highly motivated.

COMPARISON WITH TITLE I PROGRAM

Mr. **Natcher**. What is the difference between the program authorized by Education of the Handicapped Act and the program for handicapped children under Title I of the Elementary and Secondary Act?

Dr. **Martin**. The program for handicapped children under Title I is limited to children who are in State institutions or State schools. The Education for the Handicapped Art deals with children in local education agencies. In Kentucky the school for the blind would receive its funds from the Title I, and local schools in Bowling Green would receive their funds under this act.

Mr. **Natcher**. Do your recommend merging these two programs?

Dr. **Martin**. I have not recommended that. I testified before Mr. Perkins' committee and recommended that the two should be operated under the same sets of philosophies and regulations; but, at the present time it is advantageous to the states to continue to get the money from Title I. There would be a loss in revenues by transferring that program into PL 94-142. Since those are expensive programs, I do not think it is wise to make a change.

Mr. **Natcher**. Mr. Early.

VOCATIONAL EDUCATION FOR THE HANDICAPPED

Mr. **Early**. There is a 25 percent increase in this account over 1979. Does the Office of Handicapped Individuals focus, on basic skills or is the focus more on education towards skilled jobs?

Dr. **Martin**. In a literal sense the programs for education of the handicapped are not part of those basic skills objective which is aimed at nonhandicapped children to help them read and acquire the fundamental tools for employment. As far as the Federal program is concerned, there is no overlap between those two. Programs for handicapped do both of the things you mentioned.

They help retarded and other handicapped youngsters to develop the basic skills. Our programs emphasize, and pay more attention to vocational education.

I heard the chairman ask the previous witness a series of questions on that line. We supported the Congress' earmarking of the Vocational Education Act for the Handicapped. We also are putting EHA money into models, training and research in this area.

PRESCHOOL EDUCATION

Mr. **Early**. Experts have told me that addressing the needs of the handicapped child on the preschool level increases the chance of success with the child and is considerably less expensive. Do you agree?

Dr. MARTIN. Yes. I feel it is a very significant priority for future growth.

Mr. EARLY. How do you justify, then, decreasing the incentive grants program?

Dr. MARTIN. The rationale is that States are free to spend some of the money under the basic grant for that particular area. For example, in Massachusetts they are using Part B money for preschool programs. They report that 45 percent of the local districts have increased their services to young children. The priority is catching on. That is one of the criteria for the decision which was made to return to last year's budget level.

Mr. EARLY. Why wouldn't we be better off spending more of the handicapped monies there even though it won't show that we are doing as much?

Dr. MARTIN. I think you are exactly right. Over the years I have urged the expansion and extension of preschool programs through a vital program for developing new models. The preschool incentive program is really in the same position. Mr. O'Brien noted earlier that among all the good things one wants to do, the primary mission of the Act is to demand services for school age children and to leave some degree of permissiveness for preschool. Given the budgetary constraints and given that priority, we decided to give the States the additional monies that were available, and to keep the pre-school incentive program a second important priority.

Mr. EARLY. I do not know if I agree with that. So many of the problems of the handicapped are psychological. I would think that any preschool expenditure would reduce the psychological adjustment of the youngster.

Dr. MARTIN. Ten years ago we began trying to get this idea implanted in all government levels. It is just a concept the system has not yet caught up with. There are so many demands for serving children now in school, that all of the available money is being used up. But, philosophically you are right.

SURPLUS OF FUNDS

Mr. EARLY. Will there be any surplus at the end of the year?

Dr. MARTIN. We are not anticipating any surplus. Last year was an unusual situation because in the first year there is a 5 percent cap in terms of APPE on what the Federal share could be. In the second year we had a 10 percent cap. In the years we are into now we are dealing with 12 percent out of 20 and out of 30, so there is enough formula to use up any additional funds.

Mr. EARLY. With a $2.5 million reduction?

Dr. MARTIN. The $2.5 million reduction in the preschool incentive program?

Mr. EARLY. Yes.

Dr. MARTIN. Every State gets a share of those dollars, so they will simply get less per child. In this case it will be $67 rather than a few dollars more. But, we think the total number of children served will actually go up because the States are increasing their emphasis on preschoolers and they are able to use some money from the basic program for children 3 to 5.

WHITE HOUSE CONFERENCE

Mr. **Early**. The White House Conference on Handicapped Individuals made several recommendations. Have any of these been implemented?

Dr. **Martin**. My staff is represented on a committee, and the committee is laying out a plan for implementing recommendations. Some of those things are already in place. Our program reflects now some of the recommendations with regard to the participation of parents in increasing ways of educating of handicapped children, but an HEW-wide implementation group has specific strategies for implementing those recommendations.

ARTS FOR THE HANDICAPPED

Mr. **Early**. Last year this committee added $1 million for the arts in education program under the Special Project Act that dealt just with the handicapped. Have you used all of that money?

Dr. **Martin**. We do not get that money, sir. The money goes by direction of the Congress through the Kennedy Center to the National Committee on Arts for the Handicapped. We have collaborative arrangements with them. We are funding the evaluation of their activities using our innovation dollars. In general, we feel that is a very positive program, but we do not administer it.

Mr. **Early**. Are there any monies in the budget for arts for the handicapped?

Dr. **Martin**. There is money under our general innovation program. Last year we received proposals from the field in a variety of related areas. We are most interested in that area and where ever we can we have tried to give it a push. It is something that handicapped kids feel good about. We really think it should be part of the full program.

Dr. McDaniels tells me we have $365,000 invested in four such projects this year.

Mr. **Early**. What could you potentially spend in that area effectively?

Dr. **Martin**. It is hard to say. It is difficult to anticipate the number of good applications we will get in the arts. I am not trying to be evasive.

Mr. **Early**. Tell me what effect will this budget of $365,000 have?

Dr. **Martin**. We have a very tight rate of funding for research and development projects. We fund only about 6 percent of our requests. That means out of 350 grants we may fund 25 or 30. We just have a very difficult competition going on for these dollars.

Mr. **Early**. Do you give money to states which are not fiscally solvent which might have a tendency not to fund the handicapped?

Dr. **Martin**. It is a formula which works as an incentive for serving children. A State that has served more children gets more Federal dollars.

Mr. **Early**. The States with a surplus can do that better than the states that are in a fiscal pinch. The handicapped child in the State that is not solvent is just as deserving as the other child and probably less likely to receive any help.

Mr. **Martin**. When the act was passed we wrestled with the question of formula and basically the alternate argument is that States that have done a lot, who have made large investments of State and local dollars should not be penalized because they had been out in front ahead of the others.

Mr. **Early**. I do not think the formula should be weighted in that way, but I think there should be flexibility also.

Dr. **Martin**. In the discretionary grants we do that.

Mr. **Early**. Will you supply for the record where the discretionary funds have gone.

[The information follows:]

Handicapped Discretionary Funds 1977-1979
(Dollars in thousands)

	1977	1978	1979
Deaf-Blind Centers	$16,000	$16,000	$16,000
Severely Handicapped projects	5,000	5,000	5,000
Early Childhood projects	22,000	22,000	22,000
Regional Vocational, Adult, and Postsecondary program	2,000	2,400	2,400
Specific Learning Disabilities	9,000	---	---
Innovation and Development	11,000	20,000	20,000
Media Services and Captioned Films	19,000	19,000	19,000
Regional Resource Centers	9,750	9,750	9,750
Recruitment and Information	1,000	1,000	1,000
Special Education Personnel Development	45,375	45,375	57,687
Special Studies	1,735	2,300	2,300
Total	141,860	142,825	155,137

Mr. **Natcher**. Mr. Pursell.

REGIONAL RESOURCE CENTERS

Mr. **Pursell**. You submitted a request of $9.7 million for establishing regional resource centers.

Dr. **Martin**. That has been an ongoing program and the budget level has been constant for several years. It is an experimental program authorized by the Congress to improve the identification, assessment, and programming for handicapped children. A key provision of the Act is to have an individual education program for each child. We have redirected the regional resource center objectives to focus on this provision.

Mr. **Pursell**. Where are they?

Dr. **Martin**. There were 9 of them originally and they have grown now to 15. I will provide that information for the record. Some of the regions are single States and others included several States. The centers in Illinois, New York, Texas, Ohio, and Pennsylvania are operated by the State educational agency. Smaller States have been involved with one center for 2 or 3 States.

Mr. **Pursell**. Are they 100 percent Federally funded?

Dr. **Martin**. Yes. Although in grant programs there is a local contribution, this particular program is funded through competitive contracts. Most of them go to State agencies which, in turn, provide services to local districts. The major efforts of this program are on providing inservice training to teachers to assist them in developing individual education programs.

Mr. **Pursell**. How do they match up with the teacher training centers?

Dr. **Martin**. The regional resource centers work with and through the State educational agency; they do not operate independently. They follow the plan the State agency lays out for them in terms of what technical assistance, training, and model assessment services local districts require.

Mr. **Pursell**. Those programs under P.L. 94-142, are they under your jurisdiction?

Dr. **Martin**. They are one of our discretionary programs. The Commissioner makes the awards on a competitive basis.

SIZE OF REGIONAL RESOURCE CENTERS

Mr. **Pursell**. How many people are involved in that staff-wise?

Dr. **Martin**. In our bureau?

Mr. **Pursell**. In your 15 centers.

Dr. **Martin**. We have a very small number of people, actually only four at the Federal level.

Mr. **Pursell**. How many are in the centers themselves?

Dr. **Martin**. I will have to supply that for the record.

[The information follows:]

Regional Resource Centers

Location	Full-time Employees
Northwest Regional Resource Center University of Oregon Eugene, Oregon	10
California Regional Resource Center University of Souther California Los Angeles, California	8
Southwest Regional Resource Center University of Utal Salt Lake City, Utah	10
Midwest Regional Resource Center Drake University Des Moines, Iowa	10
Texas Regional Resource Center Texas Education Agency Austin, Texas	8
Mid-East Regional Resource Center George Washington University Washington, D.C.	7
Mid-South Regional Resource Center University of Kentucky Research Foundation Lexington, Kentucky	7
District of Columbia Regional Resource Center Howard University Washington, D.C.	3
Southeast Regional Resource Center Auburn University at Montgomery Montgomery, Alabama	15
Pennsylvania Regional Resource Center Pennsylvania State Department of Education King of Prussia, Pennsylvania	10
Illinois Regional Resource Center Northern Illinois University DeKalb, Illinois	7
Ohio Regional Resource Center Ohio State Department of Education Worthington, Ohio	4
Northeast Regional Resource Center New Jersey State Department of Education Hightstown, New Jersey	8
New York State Regional Resource Center New York State Education Deaprtment Albany, New York	8
New York City Regional Resource Center City University of New York New York, New York	7
TOTAL	122

Mr. **Pursell.** What is the ballpark figure?

Dr. **Martin.** I would doubt there were more than 100 or 150 people employed. It is not a big program. It is an experimental program. Part of what it is being done now is to help provide models of one-stop information, referral, and direction services. Parents have difficulty finding their way through the system, and the program has been supporting model direction services activities so people could get a better notion of what other agencies are providing. When you talk to parents you find they say, "I have to go from place to place."

We have funded a variety of models, some run directly by parents' organizations and others by other institutions, to see if this way might be the best way to help people through this maze of information, and to help people know what the resources are in their community and where they could get these services.

Mr. **Pursell.** I do not want to make any prejudgment here because I am not that familiar. But it seems like a proliferation of centers. And then you go, in paragraph 4, in 1980, to an innovation development program. You are asking for $20 million for 190 projets to be funded for research and demonstration grants. So I am not so sure we have a comprehensive program at all. It looks like an expansion within our scarce resources, and we evaluate our basic centers within the universities and within the State boards of education staffed by Federal and State money and local money.

Dr. **Martin.** The resource center program is a unique program. It was passed by the Congress in 1969 specifically to increase the capacity in the country in areas such as diagnosis and improvement of educational programming. Without meaning to excite the people who read this record, we have advised people that we would be looking at that program at the end of this cycle to see whether we still felt there was a need for it. Many States have adopted this model. Pennsylvania is one that was one of the early ones to adopt the model where you have regional capacity for diagnosing children. It fits in well with the model in Michigan where you have the intermediate district and where you have a broad county or special education district where they have set up a resource center where children can come and get more sophisticated diagnoses than they might get in the local schools.

As I say, we have redirected their work into this massive task of helping the country come to terms with a new provision, an individual education plan for 3.5 million kids that was never done before, and they are constantly busy trying to help people figure out new and improved ways to do this. But I do not know that there is a need to continue to have the regional resource centers per se once this startup period of implementing the act is over. We have been considering whether or not to redesign this authority to use those funds, for example, to push the development of more cooperative groups of parents who could be effective in training other parents to participate in the provisions of the law and to work with school districts cooperatively to implement them.

So you are raising a good question. I think the program was designed by the Congress to meet a legitimate need. I think we have kept it current with the times, but I do not know that there should be a regional resource center program for all time. It may be a program that now should be phased out and we would redirect those dollars into parent-based work. That is one of the things we will probably be discussing in the oversight hearings.

Mr. **Pursell**. Oakland County is one of the best in the country. If that is the basic stable program we are going to have within a region, and it does serve a region——

Dr. **Martin**. All of that grew out of this kind of program and another program which we have already terminated called the Instructional Material Center Program. Oakland County is one of the districts we have worked with.

Mr. **Pursell**. I won't dwell on it any more.

Dr. **Martin**. Your point is a good one and that model has worked. It has been adopted by counties and we have phased out of the demonstration part.

Mr. **Pursell**. We have 8 schools of education in Michigan with declining enrollments, and it just seems a natural role for the universities to play in having some impact in working with local educational districts in that whole area.

Dr. **Martin**. Yes. It can be better managed within our scarce resources. We have been through this particular vehicle of statewide planning trying to bring them together.

Mr. **Natcher**. Dr. Martin, we want to thank you and your associates for appearing before our committee at this time in behalf of your budget request for the fiscal year 1980.

[The following questions were submitted to be answered for the record:]

INFORMATION GATHERED UNDER SECTION 618 OF PART B

Mr. **Natcher**. Will the information gathered under section 618 be used to determine whether there have been failures to comply substantially with sections 612 and 613? Does the Office of Education plan to withhold funds if such failures are found?

Dr. **Martin**. The information gathered under section 618 is collected and analyzed across districts rather than by district and state. This is done so that a national picture of the implementation, impact, and effectiveness of the provisions of Public Law 94-142 can be provided. This information does sometimes point out specific areas such as due process, nondiscriminatory testing, etc., which seem to be causing problems in a significant number of local education agencies. Information regarding these problem areas is then entered into the BEH compliance monitoring system.

The basis for determining non-compliance with Public Law 94-142 and Public Law 89-313 is the week-long program administrative review visits that BEH makes to states each year. These reviews include visits to the state education agency, local education agencies throughout the state, and state operated programs. When problems are discovered corrective measures are designed and specific timelines established for meeting those measures. BEH attempts to work with states in correcting any problems through policy clarification and technical assistance.

Following such efforts, if corrective measures are not taken within the established time frame, it is our intention to withhold funds. However, every possible measure would be taken to avert this step, recognizing that the ultimate purpose is to assist States in the delivery of services to handicapped children.

INDIVIDUALIZED EDUCATION PROGRAMS

Mr. **Natcher**. What assurance does the Office of Education have that the requirements for individualized education programs, including their contents, are being met?

Dr. **Martin**. On-site program administrative reviews conducted by BEH staff include examinations of individualized education programs in each local and State agency program visited. Checklists are used to assure that each Federal provision is covered as staff go through individual child folders and study each individualized education program. Staff select a sampling of children and check to see that services listed in the IEP are actually being provided. Parents and teachers also are questioned about the IEP process and contents. During the school year 1977-78 50% of the first 100 sites visited did not have IEPs for each handicapped child served. This year only 4 of the first 100 sites visited had a few children without IEPs. Corrective actions were specified and SEAs were required to verify to BEH that the necessary IEPs had been developed according to Federal provisions. When children without IEPs are found after December 1, a further check is made to make certain they were not included in child counts.

Mr. Natcher. Are such programs considered essential to help insure that funds are properly used to provide appropriate free public education?

Dr. Martin. The individualized education programs are not used as the prime determinants of compliance with Public Law 94-142 in terms of use of funds. Rather, they are seen as a planning tool to determine the services required to provide an appropriate education.

Recovery of Funds

Mr. Natcher. Is it permissible for a child to be counted for funding if an adequate individualized education program has not been established? If the Office of Education finds that the requirements for such programs are not being met for children counted for funding, can it recover funds or adjust grant amounts?

Dr. Martin. Handicapped children may be counted for funding only if an individualized education program has been established. If, through monitoring efforts, it is determined that some children were counted without IEPs, the Office of Education can take steps to recover the funds through adjustments in the grant award.

Speech Therapy

Mr. Natcher. Are children considered eligible to be counted if they are getting only speech therapy and no other special education services?

Dr. Martin. According to Public Law 94-142, speech therapy may be considered to be special education. Therefore, a child receiving speech therapy is eligible to be counted under the law.

Deaf-Blind Program

Mr. Natcher. For the deaf-blind assistance program, you requested $16 million. Are all deaf-blind children in the country being served?

Dr. Martin. All of the 5,872 deaf-blind children reported by the States are being served through a combination of Federal, State, and local government resources as well as private resources.

Mr. Natcher. How do the activities of the deaf-blind centers contribute to the mainstreaming goals of Education for all Handicapped Children Act?

Dr. Martin. The deaf-blind centers have had some measurable success in placing deaf-blind children in the least restrictive educational environment. Approximately 2,500 of the 5,872 deaf-blind children reported are receiving educational services in day school and public school programs. An additional 870 children between the ages of 0-4 years are receiving itinerant home services or awaiting program placement. Many of these children benefit from day school programs providing critical support services such as tutor-companions, therapeutic services including physical therapy, auditory, and speech training, and mobility training. Parent services are often made available by the local educational agencies.

The remaining 2,500 deaf-blind children are being served in residential programs at schools for the deaf, schools for the blind, or in State institutions for retarded children. The centers and the State and local educational agencies are working on an ongoing basis to desinstitutionalize some 1,500 deaf-blind children presently in State institutions who may be better served in a residential school program, a group home setting, or a day school program.

Mr. Natcher. Is the most appropriate educational setting for deaf-blind children, a center which is isolated from the regular elementary and secondary schools?

Dr. Martin. As indicated in the previous answer, approximately 2,500 of the 5,872 deaf-blind children are in day school programs, in public school settings or in home settings. The primary goal of the deaf-blind program is to integrate deaf-blind children into society and not to isolate them in distant programs that would remove these children from their parents and/or home environment. However, even with the intensive efforts of the centers to achieve the deinstitutionalization of deaf-blind children in State institutions, a large number, possibly 1,000 to 1,200 of the 1,500 deaf-blind children reported, will require the intensive care and treatment that may be provided only by such institutions. The goal of placing all children in day programs is one that cannot, at least at this time, be fully achieved because of the severity of their handicapping conditions which in many cases includes severe brain damage and mental retardation in addition to deafness and blindness. The centers are vital in cost-effectiveness, pooling services for this low incidence population.

Mr. NATCHER. How many deaf-blind children receive their entire educational program at the centers?

Dr. MARTIN. The services which are provided by this program to deaf-blind children are actually provided by approximately 250 subcontractors to the centers throughout the country ranging from day-care centers to residential institutions.

The deaf-blind centers, rather than providing direct services, serve as coordinating and administrative agencies to assure that all identified deaf-blind children are served through some combination of Federal, State, local, or private resources.

EARLY CHILDHOOD EDUCATION

Mr. NATCHER. You are requesting $20 million for the early childhood education program. Do you feel it is necessary to have two Federal programs within the same legislation which serve preschool handicapped children—early childhood education and preschool incentive grants?

Dr. MARTIN. Both the Preschool Incentive Grant program and the Early Childhood program are necessary in order to achieve the two separate purposes as outlined in the legislation which authorizes these programs. There are several major differences between the Preschool incentive grant program and the Handicapped children early education program. First, Incentive grants are distributed on an entitlement basis to all States according to a legislated formula, whereas Early childhood projects are funded on a discretionary basis.

Second, incentive grants are awarded only to State educational agencies, whereas Early education funds, except for State implementation grants, are awarded to public and private nonprofit agencies.

Third, the target population of the Preschool incentive grant program is handicapped children aged three, four, and five, whereas each component of the Early childhood education program benefits children from birth to eight years old.

Finally, although funds under both the Incentive grant program and the State implementation grant component of the Early childhood program are awarded to SEAs, their purpose and expenditure differ in two respects. The incentive grant funds pay for services to handicapped children and their parents, provided primarily by LEAs. In addition, implementation grants are used by SEAs to develop and implement statewide plans to extend services to preschool handicapped children, that is, funds may not pay for direct services to children or parents.

In summary, these two programs do not overlap. The Preschool program supports direct services, whereas the Early Childhood program supports the development of model projects and assitance in developing statewide plans to serve handicapped children.

Mr. NATCHER. What kind of coordination exists between the early childhood education program and the preschool incentive grant program on the Federal and local level?

Dr. MARTIN. Since the Preschool incentive grants and the State Implementation projects are administered by different divisions in the Bureau of Education for the Handicapped, applications for both activities are reviewed both separately in each division and then in a joint session. In the Division of Assistance to States, which is responsible for the Preschool incentive program, each State plan officer reviews the proposals for State implementation grants to ascertain that activities undertaken are complementary rather than duplicative. Similarly, in the Division of Innovation and Development, which administers the State Implementation projects, each Section chief reviews the plans submitted for Preschool incentive grants to assure that there is no overlap of activities between the two programs.

At the local level, applicants for early childhood project grants request letters of support from local school officials and state officials prior to submitting the application to the Office of Education. In several states, the SEA has developed consortium organizations for early childhood projects so that training, screening and awareness conferences can be orchestrated to avoid duplication of activities and the inefficient use of local, state and Federal funds. Coordination activities go beyond education. Early childhood grantees are required to coordinate with all agencies which provide services to young children (e.g. Head Start, Mental Health, etc.)

SEVERELY HANDICAPPED PROJECTS

Mr. NATCHER. What activities are carried out in the projects for severely handicapped children that cannot be provided under Part B, State grant program or the State agency program under Title I of the Elementary and Secondary Education Act?

Dr. MARTIN. Part B funds and Title I funds are used to begin or maintain basic educational services.

Severely handicapped program funds are made available to develop and demonstrate new models of educational services designed to meet the unique learning needs of this population. Additionally, these special funds may be used to design specialized curricula, instructional sequences and techniques structured to eliminate the complex obstacles to learning faced by this population.

There are three global criteria that must be met by applicants seeking funds from the Severely Handicapped Program.

First, assurances must be made that basic educational services are provided by state or local monies. Second, there must be documentation that the model presented extends the current state of the art and addresses a significant national problem. Finally, it has to be demonstrated that the model presented will result in new levels of performance or opportunity for the severely handicapped. Given such a framework, the Severely Handicapped program is able to conduct activities which test and extend the limits of knowledge regarding the education of the severely handicapped, while Part B monies are used to underwrite the costs of basic educational services to all handicapped students, of which the severely handicapped are but one group.

EFFORTS TO FIND HANDICAPPED CHILDREN

Mr. NATCHER. Have the States made extensive efforts to find all handicapped children?

Dr. MARTIN. During the past four years every State and participating outlying region has developed, implemented, and maintained a comprehensive system to identify, locate, diagnose, and evaluate all handicapped children. These systems are statewide and ongoing in all cases. In addition, each state conducts and maintains broad public awareness campaigns which frequently utilize mass media services. These are augmented by "*Closer Look,*" a BEH-funded newsletter, which sponsors child find efforts including television spot presentations. States also provide in-school screening of children and formal cooperative agreements with related agencies, such as health and welfare, to assure coordinated efforts and effective coverage. Referral procedures have been developed and publicized to facilitate identification and evaluation of children thought to be handicapped.

Mr. NATCHER. How many children have been identified who were in regular school programs with handicaps that were previously undetected?

Dr. MARTIN. State education agencies have not systematically collected or reported information on the numbers of such children to the Office of Education. Some States do have comprehensive in-school screening and referral procedures fully implemented and report finding substantial numbers of previously unidentified children. The Office of Education, however, has been very concerned about State and local efforts to screen school age children for undetected handicaps. Annual Program Plan requirements have been stiffened. Approval of many fiscal year 1979 Annual Program Plans was delayed until more complete information was submitted.

Mr. NATCHER. What assurances does the Office of Education have that children are not counted unless they are handicapped and are receiving special education and related services?

Dr. MARTIN. State and local education agencies must certify to the accuracy of such counts on forms provided by SEAs and the Office of Education. On-site monitoring visits have been conducted by Bureau of Education for the Handicapped staff in 36 States and approximately 400 local education agencies, during which child counts and procedures for counting children have been reviewed. Discrepancies were found in only four instances. Corrective actions have been specified and implemented to improve the accuracy of these counts.

HANDICAPPING CONDITIONS

Mr. NATCHER. Does the Office of Education have data showing the numbers of children in the various handicapped categories? Does it have data on the severity of the handicaps in these categories?

Dr. **Martin**. The Office of Education collects data on the number of children receiving special education and related services by handicapping condition. These figures are collected each school year. The data for school year 1976–77 were included in the Annual Report to Congress. Similar figures for school year 1977–78, which became available after the Annual Report went to press, are also available. Copies of the figures for both years are included herein. The data for school year 1978–79 are currently being processed and will be available by May 1979.

Data regarding the severity of handicaps within each category is not available.

	1976–77	Percent	1977–78	Percent
Mentally retarded	838,059	24.1	822,776	23.1
Hard of hearing	39,840	1.1	33,357	1.0
Deaf	22,033	0.6	25,267	0.8
Speech impaired	1,302,666	37.4	1,226,961	34.5
Visually handicapped	28,349	0.9	25,710	0.8
Emotionally disturbed	252,694	7.3	254,149	7.1
Orthopedically impaired	78,583	2.3	77,862	2.2
Other health impaired	125,321	3.5	118,861	3.4
Learning disabled	797,213	22.8	969,423	27.1
Total	3,484,758	100.0	3,554,366	100.0

FULL-SERVICE DEADLINE

Mr. **Natcher**: What did the Office of Education do to find out whether free appropriate public education was available to all handicapped children aged 3 through 18 no later than September 1, 1978? Were specific determinations made on a State-by-State basis?

Dr. **Martin**: Comprehensive on-site program administrative reviews are being conducted during the current school year in 21 States and Bureau of Indian Affairs programs. The remainder of the States will be reviewed next year. During these week-long visits, conducted by an average of five BEH staff, the major Federal provisions are monitored including the right to education policies and procedures and implementation of full education opportunity goals; child identification, location, and evaluation procedures; individualized education programs, procedural safeguards, protection in evaluation procedures, placement in private schools, program monitoring, and child count procedures.

ANNUAL REPORT

Mr. **Natcher**: When was the first report due under section 618 of the Act? Has it been issued? If not, what is it's status?

Dr. **Martin**. The first report was due in February, 1979. It was delivered to Congress on February 13, 1979.

EFFECT OF HANDICAP ON PERFORMANCE

Mr. **Natcher**: What evidence is required in individual cases to show that a child's impairment has an adverse effect on his or her educational performance?

Dr. **Martin**. Evidence for identifying whether a child's impairment has any adverse effect on his or her education performance comes from several sources. Potential handicapped children evaluated according to a systematic and sequential process which is specified in Public Law 94–142 regulations. The first step in this process is the referral of a child to special personnel for evaluation and assessment by a classroom teacher who has observed a discrepancy between a child's performance and capabilities. In some cases a referral is made by the parents of the child or other school personnel.

Based upon this referral, a multidisciplinary set of data is collected in order to determine whether the child requires special education and related services. Public Law 94–142 regulations are clear that these data come from evaluation materials which are provided and administered in the child's native language or other mode of communication; have been validated for the specific purpose for which they are used; and are administered by trained personnel in conformance with the instructions provided by their producer.

These data are then reviewed by an interdisciplinary team or group of persons, including at least one teacher or other specialist with knowledge in the area of suspected disability, and the parent or surrogate. Further, no single procedure or piece of information is used as the sole criterion for determining an appropriate education program for the child. These procedures are intended to reduce erroneous classification while protecting the rights of the handicapped child.

Mr. **Natcher**. Has the Office of Education issued any guidance on how the "Adverse Effect" requirement should be applied?

Dr. **Martin**. The Office of Education has not issued any guidance on how the "adverse effect" requirement should be applied since each State must set its own definition (consistent with Federal terminology) of the handicapping conditions as specified by the statute. These definitions, in many cases, spell-out the level of intensity of "adverse effect" as it relates to educational performance.

EFFECTS OF FAILURE TO COMPLY

Mr. **Natcher**: Concerning Section 616, has the Office of Education defined "failure to comply substantially"?

Dr. **Martin**. No, the Office of Education has not developed any clarification of this beyond section 121a.590 of the Final Regulations. To date, rather then invoking the concept of "withholding funds", all initial indicators of non-compliance have been reviewed by SEA and BEH personnel and methods for eliminating the inconsistencies between State's statutes, regulations and/or practices and Federal requirements have been identified and implemented. Providing adequate assistance to the States to bring such findings on non-compliance into compliance is seen as the primary strategy of the Office of Education to assure implementation and concurrent delivery of services to children.

REQUEST OF WAIVERS TO SUPPLANT STATE FUNDS

Mr. **Natcher**. How many States have requested a waiver of the non-supplanting requirements on the basis that they are making free appropriate public education available to all handicapped children?

Dr. **Martin**. Only one State (Massachusetts) has formally requested that the BEH conduct a waiver review to determine that State's eligibility for a waiver. The request for a waiver was denied.

Mr. **Natcher**. Could the low number of requests for such waivers be an indication that States are having problems meeting their committments?

Dr. **Martin**. The low number of States requesting a waiver of the non-supplant provisions of the Act does not seem attributable to problems of implementation by States and localities. The situation seems to be a function of the size of the task at hand—i.e., the setting into motion statewide efforts to identify, locate and evaluate every handicapped individual (ages, 0-21), developing LEA capability for serving all of the handicapped children identified in over 16,000 school districts, and training and employing enough teachers and support personnel to serve all such handicapped children. It simply takes time to have the full effect of the new procedures emerge. Until the systems have had the full opportunity to develop, the need for waivers to supplant is not expected to arise.

PERSONNEL DEVELOPMENT

Mr. **Natcher**. For Special Education Personnel Development, the budget request is $55,375,000. What is the General situation in the States with regard to the supply of teaching personnel for handicapped children?

Dr. **Martin**. There is a current and continuing need for special education teachers. Using a minimum 6 percent attrition rate and with the current production at approximately 20,000 teachers a year, the field nets an additional 5,600 new teachers per year, assuming that all of these trained enter the teaching profession. In addition to certified teacher need, there is a continuing need for support personnel such as physical education and recreation personnel, vocational and career educators, paraprofessionals and volunteers. A full spectrum of personnel must be trained in order to maintain handicapped children in their least restrictive environment as required by Public Law 94-142. NCES data show that approximately one-third of the teachers employed yearly by local school systems to teach the handicapped have not been trained as special educators.

There still is need to increase the programs for regular education teachers so that they may acquire the skills, knowledge, and understanding to maintain handicapped children in a regular class placement when such a placement is their least restrictive environment as prescribed by the law.

In assuring access for all handicapped children, it is necessary also to consider the kinds of personnel needed to provide for Native American, Hispanic (Bilingual/Bilcultural), and black children. A number of strategies have been developed to do this, including the training of Hispanic, Native American and black personnel in greater numbers than before and assuring that school psychologists and other school personnel at the administrative level receive the necessary training to assure access and maintenance for children not currently identified as needing special education.

The fiscal year 1980 budget for Special Education Personnel Development include $13,218,000 to train 4,282 new teachers for certification. This is the only source within the $55,375,000 budget that attends to production of new certified special education teachers (preservice Early Childhood, Severly Handicapped and General Special Education). Data from 46 States and Territories showed an unfilled need, as of September 1, 1978, of the following new certified personnel:

Handicapping condition	Number of Teachers Needed Sept. 1, 1978	Rank
Emotional Disturbance	21,595	1
Learning Disabilities	15,787	2
Mental Retardation	10,936	3
Hard-of-Hearing	4,175	4
Speech/Language	2,166	5
Crippled	1,837	6
Other Health Impaired	1,770	7
Visually Handicapped	1,122	8
Deaf	505	9
Total	59,893	

Mr. NATCHER. How effective is the Personnel Development program in attracting and training special educators of the handicapped?

Dr. MARTIN. The goals of attracting and training the kinds of special education personnel most needed are shared among several BEH activities. In the Recruitment and Information program, for example, a newsletter entitled Special Education Careers is directed at regular educators and college students to attract personnel to the field of special education. However, the actual task of training needed personnel is accomplished through both the State Grant program, which requires States to assure an adequate supply of teachers for the children in their State and provides funds to assist them in doing so, and the Personnel Preparation program, which continues to provide a broad base of support for special education training. In terms of the need for special education teachers as described in the previous answer, of the 59,893 new teachers needed for the 1978-79 school year the personnel preparation program is training about 7,100 in preservice programs, although not all of these will graduate this year. No estimate is available on the number of teachers trained through the States from their own resources.

Within the Personnel Preparation program, discretionary funds are directed into the following twelve areas of need in terms of personnel: Early childhood; Severely handicapped; Physical education; Recreation; Interdisciplinary; Paraprofessionals; Vocational education; Instructional models; Regular education teachers; Model implementation; Parents/Volunteer program; and General Special education.

As the need for one of these categories grows or diminishes the amount of funds awarded in that area can be increased or decreased appropriately. In addition to allocating resources among these twelve priorities, a balance between preservice and inservice training is sought. The strategy of shifting priorities in accordance with changing needs is evidenced, for example, by the gradual increase in the percentage of program funds that have been used to support inservice training over the last six years. In 1974, 3.8 percent of the funds were for inservice training as opposed to approximately 47 percent in 1980. Also, the effects of the least restrictive environment provisions require more training for regular education teachers, which is reflected in the increase of support for this objective from 20 percent of the program funds in 1978 to 34 percent in 1980.

ESTIMATES OF CHILD COUNT

Mr. **NATCHER**. How and by whom was it originally estimated that there were more than 8 million handicapped children?

Dr. **MARTIN**. The figure of 8 million handicapped children was an estimate for all children birth through 21 years of age. According to the 1970 Census, there were just over 80 million school aged children in this age range in total. To generate an estimate of the number of handicapped children, an overall incidence rate was derived by combining the incidence rates for the various handicapping conditions as adopted by a panel of experts in the field. Resources utilized include (a) "Statistics of Special Education for Exceptional Children, 1963" (Mackie et al.) DHEW-OE unpublished; (b) Projections of Educational Statistics to 1965-66 (1966 Edition) DHEW-OE; (c) Pupil Enrollment and Teacher Education Projection. California State Department of Education, 1967; (d) The Prevelance of Exceptional Children in Illinois in 1958. Superintendent of Public Instruction, Springfield, Illinois 1959; (e) Educational Programs for Visually Handicapped Children (Jones-Collins) DHEW-OE; (f) American Speech and Hearing Association Reports, Washington, D.C.; (g) Special Education for Exceptional Children, Vol. II, 1955. (Frampton and Ball); (h) Gallaudet College, Washington, D.C.

The overall rate that was agreed upon by the experts was 12 percent. however, this 12 percent incidence rate was designed to be applied to the school age population only. If preschoolers are to be added to the target population, the expected rate must be reduced, since the occurrence of such handicaps as speech impaired and learning disabled are not as identifiable at earlier ages. Consequently, it was decided that a rate of 10 percent would more accurately describe the handicapped population, with no implication that this rate was constant for all ages. Using this 10 percent rate on a 0-21 age population of just over 80 million one derives the estimate of 8 million handicapped children in the country.

Mr. **NATCHER**. What is the origin of the estimate that more than half of the handicapped children in the Nation are not getting appropriate education services?

Dr. **MARTIN**. Of the 8 million estimate, approximately 6 million would be in the school age range 5-17. Based on an unofficial survey of States done in school year 1971-72, there were 2.85 million children being served, leaving an estimated 3.15 million unserved in the school age group. Certainly a large proportion of the preschoolers were also not being served, although there are no hard figures on this group.

Mr. **NATCHER**. What is the origin of the estimate that more than 1 million handicapped children were excluded entirely from the public school system?

Dr. **MARTIN**. This figure is an estimate based on information acquired through a survey of State education agencies.

Mr. **NATCHER**. What is the origin of the estimate that many children with undetected handicaps were in regular school programs?

Dr. **MARTIN**. Prior to the passage of Public Law 94-142, there was wide variability from State to State in assessment techniques for identifying handicapped children. In many States, there were no alternative programs and consequently there would be no point in evaluating a child for special education. Criteria for determining mental retardation or learning disability were widely variant from State to State. Although it would be almost impossible to determine to what extent this was a problem, based on estimates from professional associations and others in the field, it became apparent that there were a large number of handicapped children who remained undetected and inappropriately placed prior to Public Law 94-142.

Mr. **NATCHER**. Is the original estimate of 8 million handicapped children still considered to be accurate? If so, what categories of handicapped children apparently have been undercounted? What will be done to insure that they are counted?

Dr. **MARTIN**. As was explained in answers to previous questions, the process by which the original 8 million figure was estimated is still considered sound. However, because of declines in the general school age population, the actual figure would be revised downward somewhat.

Nationwide, there is no particular category in which handicapped children appear to be undercounted. State by State, however, there is great variance in terms of the incidence of children in the different categories. The agency has carefully analyzed this data and is working with States reporting especially low incidences of children in particular categories to determine why some of the incidence figures are low, whether there are unidentified children in particular categories, and how identification procedures can be sharpened so that all children will be identified. Child identification and child count procedures are also examined carefully during the program administrative review visits conducted each year by BEH.

Finally, through the discretionary programs funded within this appropriation title including the activities of the 31 regional resource centers and the inservice and preservice training programs, personnel are being trained in effective assessment practices. These discretionary projects are targeted at regular and special education teachers, support personnel as well as administrators.

Mr. **Natcher**. Does the Office of Education believe that all States and local educational agencies met the September 1, 1978 deadline? Are all States and local agencies now making free appropriate public education available to all handicapped children aged 3 through 18? If not, have any funds been withheld as provided in Section 616 of the act?

Dr. **Martin**. On the basis of our program administrative reviews it is our belief that most State and local agencies met the September 1, 1978 deadline to make a free appropriate public education available to all identified handicapped children age 3 through 21 (except for 3-5 and 18-21 year olds when this was inconsistent with State law or practice). However, the great variability across States in the percentage of children served as handicapped raises questions as to whether all handicapped children in all categories have been identified in particular States. As a result, BEH has launched an initiative to work with States in examining and revising their child identification procedures.

In those instances where monitoring visits have detected violations (for example, where lists of children waiting for placement have been found) corrective measures have been designed and timelines established for those corrective measures. BEH on-site verification visits are currently being carried out to determine the extent to which corrective actions have been accomplished.

To date funds have not been withheld, but this is a step that will be taken if other measures to bring a State education agency into compliance fail. This, however, is viewed as a last step measure, since the withholding of funds will affect the services provided to handicapped children.

Mr. **Natcher**. How many of the estimated 1 million children have been identified who were previously "excluded entirely" from the public school system?

Dr. **Martin**. The extensive statewide efforts to find all handicapped children launched four years ago have been exceptionally effective in locating out-of-school handicapped children. Formal cooperative agreements with related State agencies and development and implementation of comprehensive plans, with specific activities and timelines, have helped assure good coverage of communities and target groups likely to have knowledge of children thought to be handicapped and out of school. Parents also have been much more aggressive in seeking services for children, including those with severe and profound handicaps, now that State and Federal mandates to serve all school age handicapped children have gone into effect. State and Federal officials responsible for programs for handicapped children feel very confident that virtually all of the school age handicapped children formerly excluded from school have been identified and are being served in all States. On-site administrative reviews conducted in State and local agencies over the past three years find ample evidence to support this high level of confidence.

INNOVATION AND DEVELOPMENT

Mr. **Natcher**. You are requesting $20 million for innovation and development. In what particular areas have you focused these funds in recent years?

Dr. **Martin**. The Innovation and Development funds are used for two general categories of funding: applied research and development ($11,000,000) and demonstration projects ($9,000,000). The funds under the applied research and development are used for four types of projects: curriculum development, administrative tools, inventions and child/setting studies. The funds have been distributed as follows during the past two years:

[In percent]

	Fiscal year—	
	1978	1979
Curriculum development	38	52
Administrative tools	19	22
Inventions	21	1
Child/setting studies	22	25

The demonstration program has begun supporting a great variety of applications since the 95th Congress changed the authority from a demonstration program focused on learning disabilities to an authority for all handicapping conditions.

In fiscal year 1977, all demonstration projects had learning disabled children as clients. In fiscal year 1978, the clients changed along with the new authority. The new projects included autistic children, adolescents with all conditions who were leaving high schools, a recreation program for emotionally disturbed adolescents and many others. Projects for learning disabled children continue to be funded.

Mr. NATCHER. How are findings from these research projects disseminated and shared with local educators of the handicapped?

Dr. MARTIN. The Bureau has established a Marketing Program which assists all BEH developers in getting their findings and products into use. This includes material for use at both the LEA and SEA levels. Material developed with Bureau funds, for example, are widely used in the schools, because, through our marketing program, commercial publishers have been given licensing rights for printing and distribution. Of all the copyrights for distribution of Federally sponsored products from the Office of Education, one quarter of them are from the Bureau of Education for the Handicapped.

The Marketing Program is also developing a Catalog of products which will include information on replicable products and materials developed with Handicapped funds since its inception. This will serve as one means of informing LEAs and SEAs of available materials.

Information about most program products is also distributed by the ERIC clearinghouse and through formal conference presentations. This information will also be included in the NICSEM data base which is a Bureau supported computerized information service.

In a few instances the Bureau has taken a more direct role in disseminating products to individuals. The Optacon, a device which is hand-held and allows a blind person to "read" a manuscript, was developed through grants administered by the Bureau. BEH has taken a similarly active role in developing and disseminating the Kurzweil reading machine.

DIFFERENCE BETWEEN ESTIMATED AND ACTUAL COUNTS

Mr. NATCHER. What accounts for the large differences between the original estimate of 8 million and the less than 4 million actually counted?

Dr. MARTIN. The most recent count of handicapped children under P.L. 94-142 is approximately 3.8 million. There are an additional 225,000 children in State supported schools for the handicapped, and an undetermined number of handicapped children who are receiving services under the Title I program for the Disadvantaged. In total, well over 4 million children are receiving special education services. There is reason to believe that the number actually counted is lower than the number being served—by 10 percent to 25 percent—due to the one-time per year count and its timing.

The difference between the actual number counted and the higher estimates is expected to be made up as States improve their record keeping and information systems so that all children served are on the rolls as of December 1. In addition, continual improvements in child find efforts and the clearing up of backlogs of children waiting to be diagnosed will result in more children being included in the official count.

POSSIBILITY OF UNSERVED CHILDREN

Mr. NATCHER. If the Office of Education believes that its original estimate of 8 million handicapped children is still valid in spite of the fact that actual counts of children receiving services have been less than half that number, does this indicate that millions of children may not have available to them a free appropriate public education?

Dr. MARTIN. As pointed out in the previous answers, we believe that there may be more school-aged handicapped children being served than are being reported in the child counts. Out of an estimated school aged total handicapped population of 5.8 million, we believe that about 4.65 million are receiving services. Of the remaining 1.15 million, it is possible that some are being served under the Title I or compensatory or vocational education programs. Since IEPs are not required under these alternative programs, there is no way of knowing precisely how many children there are. In addition, approximately 200,000 children are receiving special education in private schools. In sum, it does not appear that there are large numbers of

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handicapped children to whom a free appropriate public education is not being made available.

Mr. **Natcher**. Would this be substantial failure to comply with sections 612 of 613?

Dr. **Martin**. Nationwide, there is no indication of a compliance problem. We are not pushing to force identification of children as handicapped if they are receiving appropriate services. We intend, through our administrative review process, to monitor States' procedures for implementing the law and to deal on an individual State by State basis with any deficiencies.

Mr. **Natcher**. To what extent do Office of Education and State personnel examine children's records at schools to verify adherence to eligibility criteria? What are the results of such examinations?

Dr. **Martin**. Personnel from the Bureau of Education for the Handicapped examine children's folders in at least 10 LEA's during the annual program review visits to States. In addition, SEAs as part of their monitoring procedures, examine individual children's folders to verify that those children counted meet the eligibility criteria. Over the most recent monitoring period, during which close to half of the States were visited, only four individual problems were encountered in this area, all of which were resolved.

Captioning and Recording

Mr. **Roybal**. What new technological advances have been made in captioning and recording materials for the handicapped that we can point to for 1979?

Dr. **Martin**. Thanks in large part to the development of a Captioning Editing Console, together with television encoding and decoding devices, it has become possible to produce "closed caption" television programming—that is, programming for which the captions are visible only on sets equipped with special adapters.

This system currently is usable only with videotaped programs. We are now studying techniques to caption TV programs that are on film, and also to caption "live" or "real time" TV programming.

Another activity involves the use of video-disc technology. The goal is to place captions in the "closed" format onto video-discs, so as to make it possible for the hearing-impaired to use the same discs that are used by the general population. In the recording field the major activity involves conversion from reel-to-reel to cassettes, which are easier to distribute, play back, and store.

Mr. **Roybal**. In recordings for the blind you allocate $500,000 for fiscal year 1980. What number of educational materials will be provided by this $500,000?

Dr. **Martin**. Approximately 30,000 taped textbooks for visually impaired elementary and high school students will be produced.

Mr. **Roybal**. What is the demand for these recordings?

Dr. **Martin**. In school year 1977-78 over 58,582 taped texts were circulated to visually impaired students. The demand can be expected to increase as more of these students are served in regular classrooms.

Mr. **Roybal**. What was the allocation for this program in 1979?

Dr. **Martin**. The 1979 allocation was $500,000. It should be noted that Recordings for the Blind, Inc., receives its principal support from private sources; the Federal share is supplementary to these.

12 Percent Federal Contribution

Mr. **Roybal**. I've heard that the current 12 percent Federal contribution to States in meeting the needs of handicapped children is falling short in meeting the needs of the States in this area. How would you respond to this?

Dr. **Martin**. The main objective behind the Federal contribution has been to assist the States in paying for the excess costs associated with educating handicapped children. Over the past four years the Federal contribution has increased from $200 million to $804 million. Since the first year of appropriations under Public Law 94-142, the per child contribution has risen from $72 in 1977 or 5 percent of excess costs, to $211 in 1979, or 12 percent of excess costs. While the 1980 request maintains the 12 percent level, the actual dollar commitment will increase by $58 million to account for the higher average per pupil expenditure and an anticipated increase in the number of children served. We believe that this level will maintain the momentum of the Federal Commitment to States to locate and serve their handicapped children, while at the same time remaining within overall budget constraints.

Mr. **Roybal**. In your justifications you decrease by $2.5 million pre-school incentive grants to States for meeting the needs of the handicapped. If we were to restore the $2.5 million, what additional services, or increased number of children, would benefit from this increase?

Dr. **Martin**. Assuming State and local school districts continue to use these funds in the same manner as they have during the present school year, we can anticipate that an additional 12,700 children aged 3 through 5 would receive direct services in programs and projects funded wholly or in part with an additional $2,500,000. We can also expect an additional 8,500 children aged 3-5 would undergo intensive screening and evaluation and an additional 9,000 teachers would receive inservice training.

Mr. **Roybal**. How do we stand in regards to the number of personnel in the field of research in education of the handicapped? Is there a shortage or a glut?

Dr. **Martin**. Exact numbers of research personnel in this field do not exist. However, the agency takes the position that more personnel are needed with specific training in research in education of the handicapped. BEH has supported or helped create many of the researchers in this area. This is a young field—well-trained people are in demand.

There are a number of ways BEH assists in the training of personnel to conduct research in the education of the handicapped: through University training programs, programs in which students work directly with a senior or experienced researcher in obtaining on-the-job training in research, and independent research by students as well as faculty.

LANGUAGE CONCERNS IN REGIONAL VOCATIONAL PROGRAM

Mr. **Roybal**. Could you give more details on how regional vocational adult and postsecondary programs are meeting the needs of populations with language barriers—such as the Hispanic community?

Dr. **Martin**. The Regional Vocational, Adult and Postsecondary program assists institutions which focus primarily on the postsecondary-aged handicapped students. The students served in this program, in almost all instances, have developed adequate English language skills so as to remove this factor as a barrier to learning. However, in cases where there are students who have a language problem, special components are incorporated into the projects involved to assist them. For example, the Mesa College project in California has entered into a special arrangement with the Chicano Studies Department of Mesa College which provides special tutoring in English for learining disabled students.

PER CHILD CONTRIBUTION

Mr. **Conte**. How much money does the federal government provide, on average, for special education students once a determination of special education needs is made?

Dr. **Martin**. The average Federal contribution per handicapped child has increased each year since the first appropriation under P.L. 94-142 in 1977. Data for each year is indicated below:

Fiscal year	Appropriation (millions)	Number of children	Average Federal contribution per child
1977	$251	3,484,755	$72
1978	566	3,560,866	156
1979	804	[1]3,800,000	211
1980 (request)	862	[1]3,950,000	218

[1] Estimated.

INNOVATION AND DEVELOPMENT

Mr. **Conte**. Do you feel that level funding for Innovation and Development is enough to continue high level research into better ways to serve children with special educational needs?

Dr. **Martin**. Innovation and Development program funds support inventions, test development, curriculum development, studies of programs and demonstration programs. As a result of having this wide range of activities, hundreds of applications are received which cannot be funded. On the other hand, the funds have been sufficient to provide support for the applications with highest quality. Therefore, given the general budget constraints and the success of this program we recommend maintaining this program at the current level.

MEDIA SERVICES

Mr. **CONTE**. Is enough money provided for media services and captioned films for the visually and aurally handicapped? Could these services effectively use more funding? For example, the level funding for Recordings for the Blind, Inc., is actually a loss of 9% due to inflation. I know of many people served by this and other worthy programs.

Dr. **MARTIN**. Our captioned films program reaches more than four million deaf and hearing-impaird persons annually, and through a new computerized distribution system now under development, we expect to be able to fill requests more rapidly than ever before. The Recordings for the Blind program is currently duplicating and circulating some 36,000 textbooks annually. We feel these to be impressive figures. Other activities include such media-related undertakings as the Optacon and Kurzweil reading devices for the blind, captioned television for the deaf, centers for the development of media materials for the handicapped, and grants to develop new approches in media and technology to enhance educational and cultural developments for the handicapped. Given the constraints under which the budget was formulated, it is felt that the agency can continue to offer effective, valuable services with the amounts requested.

SPECIAL EDUCATION TESTING

Mr. **CONTE**. What is being done to provide adequate testing of those with special education needs?

Dr. **MARTIN**. Public Law 94-142 requires State and local education agencies to adopt identification and evaluation procedures for handicapped children which assure the accuracy of the results of such procedures and thus protect the rights of the child. The Bureau of Education for the Handicapped (BEH) assists State and local education agencies in meeting this requirement in a number of ways.

Identification and evaluation procedures, including the administration of tests in the child's native language, the appropriate use of valid tests, the use of multiple procedures and personnel, and assessment in all appropriate areas, are carefully examined during the 25 state program administrative reviews conducted by BEH each year. When deficiencies in any area are found BEH works carefully with the State education agency in designing corrective actions.

Through the Regional Resource Center program specialists are available to work directly with State education agencies in developing appropriate identification and evaluation procedures, in providing inservice training in this area to State and local agency personnel, and in developing monitoring procedures which will allow the state to assess the adequacy of identification and evaluation procedures used by local education agencies.

Through projects funded by the Division of Personnel Preparation in BEH, new diagnostic personnel are being trained in skills which will allow them to appropriately identify and evaluate handicapped students as specified in Public Law 94-142. The skills of practicing diagnosticians and teachers are being updated through inservice training to meet the mandates of the law and bilingual diagnosticians are being trained.

In addition, research analyses, evaluation, and development projects are being funded in other BEH activities to evaluate the appropriateness and effectiveness of identification and evaluation procedures being used, to determine new evaluation procedures and tests which will result in more adequate identification and evaluation of handicapped children, and to determine ways of streamlining the evaluation/identification process so as to elimiate unnecessary and inappropriate steps.

The results of BEH funded research and development efforts, as well as the results of other projects, are disseminated by BEH through the Technical assistance Workshops sponsored each year by the Division of Assistance to States, through the continual interactions of the State Plan Officers with the state education agency in each state, through topical conferences sponsored by the regional resource centers, and through BEH reports.

CURRICULA FOR SEVERELY HANDICAPPED

Mr. **CONTE**. Can you cite examples of changes in curricula or teaching methods that have resulted in the last few years from your Severely Handicapped Projects?

Dr. **MARTIN**. Prior to the initiation of this program few curricula or teaching methods tailored to the learning characteristics of severely handicapped students existed. Initially, projects funded through this program attempted to develop empirically verified curricular sequences for severely handicapped students. As examples, comprehensive curricula have been developed by Teaching Research, Monmouth, Oreg. and University of Washington, Seattle, Wash. Both projects used a method of task analysis to generate instructional sequences across curriculum domains and linked instruction to behavioral teaching techniques. These projects demonstrated that if skill was broken down into very finely sequenced subcomponents, many skills could be taught to severely handicapped students that were assumed to be beyond their capabilities.

Subsequently many other projects have demonstrated the acquisition or learning of new skills by severely handicapped students. For example, the Madison, WI Public Schools in a joint project with the University of Wisconsin demonstrated that traditional academic skills, such as math and reading could be taught to many severely handicapped students. In addition, this project developed instructional sequences that were used to teach competitive job skills to severely handicapped adolescents, demonstrating that sheltered employment is not the only option available to a portion of the severely handicapped population. This project also developed sequences to teach correct shopping and transportation skills. Essentually, the success in teaching complicated job and shopping skills was linked to a method of simplifying the response requirements of the tasks through inexpensive prosthetic devices.

Akron Children Hospital, Akron, Ohio has used simplification through adapting materials so that correct responses are more obvious, or through the use of simple devices has been linked successfully to a strategy for selecting functional tasks to teach late sensori-motor and preoperational cognitive skills to severely handicapped students. A functional task is a task in which the purpose of performing a response is obvious by the effect achieved (e.g., using a rake to secure a toy which is out of reach). Through this combined method severely handicapped adolescents who appeared to be functioning at an infant level of development standardized tests are performing skills that indicate more mature development.

Similar findings in terms of sensorimotor and preoperational development have been found in a project at the University of Miami, Miami, FL with infant and preschool age severely handicapped students. This project utilized a curriculum lattice (i.e. combined vertical and horizontal sequence) approach emphasizing the need to teach certain sensorimotor and preoperational skills simultaneously. This project has demonstrated statistically significant changes in development of the severely handicapped infant and preschool children enrolled in the project.

As a final set of examples two interesting approaches to assessment are currently being developed. The Beverly School for the Deaf, Beverly, Mass. is developing a method of assessing skills across major curriculum domains which is uniquely linked to language acquisition. San Francisco State University is attempting to develop an improved method to precisely assess the residual vision and hearing of severely handicapped deaf-blind students and to subsequently conduct instruction to increase the functional use of the remaining vision and hearing. These are only a few of the projects that have led to new curricular and methodological innovations, resulting in improvements in the quality of life for severely handicapped citizens.

HANDICAPPED IN POSTSECONDARY SCHOOLS

Mr. CONTE. How many of those in our nation classified as "handicapped" continue their education up to the postsecondary level?

Dr. MARTIN. We do not know how many handicapped students continue their education to the postsecondary level. Our best estimate is that there are approximately 680,000 to 1,000,000 handicapped persons in postsecondary institutions, or about 5-8 percent of the total postsecondary enrollment. This percentage is lower than the estimated percentage of handicapped school-aged children for two reasons: first, many handicaps are remediated by the time a student reaches the postsecondary level, and second, many handicapped students drop out of the educational system prior to reaching the postsecondary level.

Mr. CONTE. Do individual private and public institutions make efforts to attract and recruit handicapped students? If not, how might they be encouraged to do so?

Dr. MARTIN. The Federal goal in higher education has been to assure access to all persons—not only the economically disadvantaged but the handicapped as well. Section 504 of the Vocational Rehabilitation Act places the major responsibility for this effort on institutions themselves. The Office of Education provides grant funds which assist not only the institutions but handicapped students themselves in taking advantage of postsecondary education programs. Although the provision of full access to all eligible post-secondary aged students has not yet been achieved—as described in the previous answer—measures are being taken by institutions, with assistance from OE—to improve access to programs. For instance, through the Special Services to Disadvantage program (in the Higher and Continuing Education Appropriation) grants are awarded to postsecondary institutions to assist physically handicapped students in participating in programs. The Regional Vocational, Adult and Postsecondary program, administered by BEH, also supports projects which encourage the provision of educatonal services to postsecondary institutions. Regarding recruitment, the combined efforts of the State to identify all eligible handicapped persons and the individual institutions to assure that no person is denied services due to handicap provide an impetus to expanding access which is anticipated to increase in the next few years.

EARLY CHILDHOOD EDUCATION

Mr. CONTE. What are the advantages of starting handicapped education at age three than age five? Is there increased adaptability at a younger age?

Dr. MARTIN. There is considerable evidence that early intervention in educating children is extremely beneficial both in terms of a child's personal development and long-term cost. The first five years are believed by psychologists and learning experts to be the most important to a child in terms of emotional development. Delaying the provision of necessary remediation can have harmful and possibly lasting effects on a child.

For example, a severely hearing-impaired child who does not learn to use his remaining hearing to full capacity or to develop sign language skills will have considerable difficulty in understanding language or communication as he grows older. The older the child gets, the more frustrated he becomes if he cannot understand the world around him nor express himself. Learning and teaching them require more time, effort, and money if undertaken later in life than earlier.

SCREENING SERVICES

Mr. CONTE. What are you doing to provide screening services for children who may have learning disabilities or other handicaps, such as these might be discovered before they start school?

Dr. MARTIN. Under Public Law 94-142, the States have the major responsibility for providing screening services to children. In order to assist them in their efforts screening is emphasized in many of the model-demonstration projects funded by the Early Childhood Education program and other programs which have been jointly funded by OE and Head Start. These models are eventually disseminated and adopted by other providers of educational services. In 1978, over 90,000 children were screened in these projects. In addition, the Regional Resource Centers program supports the diagnosis and assessment of over 65,000 children a year who are referred to the centers.

MEETING PERSONNEL NEEDS

Mr. CONTE. Are manpower needs, for special education teachers, for teachers in sign language and braille, and all myriad other special education needs of the handicapped being met?

Dr. MARTIN. Although States report that all identified children are receiving services, a need for more and improved services remains. From State to State one will find a wide disparity among services to children with various types of handicapping conditions. The individualized education plans (IEPs) reflect disparity from school system to school system. Some systems provide only a special education teacher while others provide a full range of supportive services. Frequently, fuller services would be provided if the trained personnel were available.

In discussions with State Directors of Special Education, the question is asked as to how they report continuing personnel needs and not appear to be in violation of the Public Law 94-142 service mandate. The answer to this apparent dilemma lies in the provision of an appropriate education as opposed to receiving services. To fully serve the deaf, 46 States and Territories indicated a need for 505 additional teachers for September, 1978, as well as 4,175 teachers of the hard-of-hearing. These 4,680 teachers of the hearing impaired would include sign language as a part of the "total communication" approach to teaching hard-of-hearing and deaf children and youth. To fully serve the visually handicapped, the States reported need for 1,122 additional teachers for September, 1978.

REPORTING OF CHILDREN IN LEAs

Mr. O'BRIEN. Do you find that there is much of a problem in school districts reporting their handicapped population? Do you have any idea how extensive this problem is?

Dr. MARTIN. There are several problems which have occurred at the local level with regard to the child count procedures, but all of them are proving to be remediable. In some districts there is no central file which contains all of the data on each child. This necessitates crosschecking several lists to ensure that those counted have individual educational programs (IEPs) and are actually receiving services when the count is taken. Improved record-keeping systems will alleviate this problem.

Some districts are not aware that the prohibition on double-counting applies only to Public Law 94-142 and the Handicapped Set-Aside portion of Title I (commonly referred to as Public Law 89-313). Regular Title I children, for example, may also be counted under Public Law 94-142, but in some districts they are excluded. Information bulletins from the Bureau of Education of the Handicapped (BEH) will keep the State and local people informed as to who can and who cannot be counted. Also, the change in the count procedure from averaging the October 1 and February 1 counts to a single December 1 count caused some problems for districts in terms of changing timelines and getting forms printed. Some districts with contracts for data processing services had to modify the due dates for deliverables as specified in the contracts. If no more changes occur in the procedure, next year's count should be smoother.

In some instances the State requirements for counting differ slightly from the Federal requirements, leading to a certain amount of confusion for the local district personnel. Minor modifications at the State level should clear up any such confusion.

Almost every State has experienced some of these problems in varying degrees. Most problems encountered resulted largely from the newness of the procedures. As States and LEAs become increasingly familiar with the law and the regulations, and the procedures which implement them, fewer problems will be encountered in the future.

Mr. O'BRIEN. Is there anything you can do to ensure that school districts report all of their handicapped students?

Dr. MARTIN. A two-pronged strategy exists which is designed to ensure that all handicapped children are counted by LEAs. First, the Bureau of Education of the Handicapped monitors counting procedures at both the State and local levels, and also verifies that State educational agencies are monitoring as well. Second, technical assistance is provided through projects in handicapped discretionary programs which are designed to enhance State and local management information systems capabilities.

USEFULNESS OF INDIVIDUALIZED EDUCATION PROGRAMS

Mr. O'BRIEN. Are you able to evaluate at this time the usefulness of the "individualized education plans" (IEPs)?

Dr. MARTIN. The studies that have been carried out to date on this question suggest that IEPs are being used and are considered valuable instruments in planning educational needs.

Project IEP, conducted by Nero and Associates, found that in districts where an IEP process had been implemented for a year or more, where adequate resource support was provided to staff, and where training had oriented the staff towards diagnostic-prescriptive instruction, most teachers were highly enthusiastic about the IEP process. These teachers felt that the IEP process required them to think about and analyze their teaching, and focused attention on where they were going with each pupil during the year. They also stated that the IEP saved them time in planning lessons during the year by providing a guide around which to frame more specific activities. Both parents and educators expressed the opinion that the IEP process was useful because it brought the home and school into closer communication. It was felt that in the IEP process parents contributed unique information about the development, handicapping condition, and programming history of the child which helped the school. Parents, in turn, often gained insights into their child's functioning level and program, and worked in partnership with the school in reinforcing specific goals and activities. The improved parent-school communication was also cited by the coordinators as an important aspect of the IEP process.

A second study currently being conducted by SRI International is examining whether or not teachers actually use IEPs. Preliminary results show that two-thirds of the teachers surveyed reported using IEPs. The primary uses reported were to assist the teacher in understanding the child and where he or she should be going, as well as to guide lesson planning.

BEH recently asked the Part B Coordinators in 44 of the 50 State educational agencies if the IEP process was easier in the second year of implementation, and if so, why. Thirty-three of the 44 coordinators responding reported the IEP process was easier (in four States it was reported to be no easier, and in seven States the respondent did not know). When asked why the process was easier, a reason frequently cited as that having written IEPs once, teachers found them useful in their teaching, and thus were more enthusiastic in the second year.

Mr. O'BRIEN. Do you think IEPs are significantly improving the education of the handicapped?

Dr. MARTIN. While it is difficult to measure precisely the specific value IEPs have for the education of the handicapped we are convinced that the IEP process will significantly improve the education of the handicapped.

Project IEP, referenced in the previous answer, reported that parents and educators felt that IEPs improved the education of the handicapped in several respects. First, the specification of annual goals and short-term objectives allows greater accuracy and flexibility in grouping children for instruction than can groupings on the basis of age or handicapping condition.

The listing each year of annual goals and short-term objectives along with evaluative information as to whether or not particular objectives have been met serves as a permanent record of the child's program, and the curricular areas have been covered. Because special education programs have generally lacked standardized curricula, a handicapped child moving from one class to another often repeated the same material. A permanent record prevents this.

The writing and sharing of specific goals and objectives often motivated the students to attain them.

The IEP document helps teachers stay on target during the year and sharpens their awareness as to whether or not pupils are making expected progress.

The necessity of specifying annual goals and short-term objectives for handicapped children has in many instances focused the attention of school districts on the importance of developing curricular sequences in various skill areas for handicapped children.

[The justification of the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Education for the Handicapped

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Appropriation Estimate

Education for the Handicapped

For carrying out the Education of the Handicapped Act, [$976,637,000] *$1,027,825,000: Provided,* That of this amount [$804,000,000] *$862,000,000* for part B and [$17,500,000] *$15,000,000* for section 619 shall become available for obligation on July 1, [1979] *1980* and shall remain available until September 30, [1980] *1981.*

Amounts Available for Obligation

	1979	1980
Appropriation..............................	$ 976,637,000	$1,027,825,000
Unobligated balance, start of year.........	526,909,000	---
Total obligations....................	1,503,546,000	1,027,825,000

Summary of Changes

1979 Estimated budget authority................................	$ 976,637,000
1980 Estimated budget authority................................	1,027,825,000
Net change..	+ 51,188,000

	1979 Base	Change from Base
Increases:		
Program:		
1. State grant program— in anticipation of an additional 150,000 handicapped children being identified and served, plus higher per pupil costs, this increase is required to maintain the Federal share at 12 percent of excess costs........................	$804,000,000	+$58,000,000
Total increases..................		+ 58,000,000
Decreases:		
Program:		
1. Preschool incentive grants— as State Grant funds increase and the P.L. 94-142 mandate to serve three-to-five age range became effective on September 1, 1978 (if consistent with State law), funding for this program as an incentive becomes less critical..............................	17,500,000	- 2,500,000
2. Early childhood education program— reduced need for model projects in view of over 160 demonstration and 75 outreach funded over the last five years. Lower authorization in 1981 of $20,000,000 reflects this. Reduced request in 1980 will appropriately limit continuation requirements in 1981.................................	22,000,000	- 2,000,000

	1979 Base	Change from Base
3. Special education personnel development— as States assume increased responsibilities for teacher training under P.L. 94-142, less money is required for separate Federal support. Training for regular education teachers will remain at 1979 level to promote provision of services in least restrictive environment..................	57,687,000	- 2,312,000
Total decreases.....................		- 6,812,000
Net change....................		+51,188,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
State assistance:			
a. State grant program	$ 804,000,000	$ 862,000,000	+$58,000,000
(Obligations)	(1,315,909,000)1/	(862,000,000)	(-453,909,000)
b. Preschool incentive grants	17,500,000	15,000,000	-2,500,000
(Obligations)	(32,500,000)2/	(15,000,000)	(-17,500,000)
c. Deaf-Blind centers	16,000,000	16,000,000	---
(Obligations)	(16,000,000)	(16,000,000)	(---)
Subtotal	837,500,000	893,000,000	+55,500,000
(Obligations)	(1,364,409,000)	(893,000,000)	(-471,409,000)
Special population programs:			
a. Severely handicapped projects	5,000,000	5,000,000	---
b. Early childhood education	22,000,000	20,000,000	-2,000,000
Subtotal	27,000,000	25,000,000	-2,000,000
(Obligations)	(27,000,000)	(25,000,000)	(-2,000,000)
Regional, vocational, adult and postsecondary program	2,400,000	2,400,000	---
(Obligations)	(2,400,000)	(2,400,000)	(---)
Innovation and development	20,000,000	20,000,000	---
(Obligations)	(20,000,000)	(20,000,000)	(---)
Media and resource services:			
a. Media services and captioned films	19,000,000	19,000,000	---
b. Regional resource centers	9,750,000	9,750,000	---
c. Recruitment and information	1,000,000	1,000,000	---
Subtotal	29,750,000	29,750,000	---
(Obligations)	(29,750,000)	(29,750,000)	(---)
Special education personnel development	57,687,000	55,375,000	-2,312,000
(Obligations)	(57,687,000)	(55,375,000)	(-2,312,000)
Special studies	2,300,000	2,300,000	---
(Obligations)	(2,300,000)	(2,300,000)	(---)
Total budget authority	976,637,000	1,027,825,000	+51,188,000
(Obligations)	(1,503,546,000)	(1,027,825,000)	(-475,721,000)

1/ Obligations include 1) the 1979 appropriation of $804 million plus 2) the fiscal year 1978 funds carried into fiscal year 1979 ($448 million) plus 3) the balance of the fiscal year 1977 appropriation which remained unobligated due to a low child count and was carried into fiscal year 1979 by permission of Congress ($63 million).

2/ Obligations for 1979 include the FY 1979 appropriation of $17,500,000 which is expected to be obligated during the first three months of availability between July 1 and September 30, 1979, and the FY 1978 appropriation of $15,000,000 which was not obligated during the first three months of availability and was therefore carried forward into FY 1979.

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Travel and transportation of persons	$ 49,000	$ 49,000	---
Transportation of things	2,000	2,000	---
Rent, communication, and utilities	10,000	10,000	---
Printing and reproduction	15,000	15,000	---
Other services:			
Project contracts	64,094,000	64,094,000	---
Supplies and materials	5,000	5,000	---
Equipment	9,000	9,000	---
Grants, subsidies, and contributions	912,453,000	963,641,000	+$51,188,000
Total budget authority by object:	976,637,000	1,027,825,000	+51,188,000
(obligations)	(1,503,546,000)	(1,027,825,000)	(-475,721,000)

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Education for the Handicapped: (Education of the Handicapped Act)				
1. State assistance:				
a. State grant program (Part B)	Indefinite[1/]	$804,000,000	Indefinite[1/]	$862,000,000
b. Preschool incentive grants (Part B, Sec. 619)	Indefinite[2/]	17,500,000	Indefinite[2/]	15,000,000
c. Deaf-blind centers (Part C, Sec. 622)	$24,000,000	16,000,000	$26,000,000	16,000,000
2. Special population programs:				
a. Severely handicapped projects (Part C, Secs. 621 and 624)[3/]	[4/]	5,000,000	[4/]	5,000,000
b. Early childhood education (Part C, Sec. 623)	25,000,000	22,000,000	25,000,000	20,000,000
3. Regional vocational, adult, and post-secondary programs (Part C, Sec. 625)	12,000,000	2,400,000	14,000,000	2,400,000
4. Innovation and development (Part E)	22,000,000	20,000,000	24,000,000	20,000,000
5. Media and resource services:				
a. Media services and captioned films (Part F)	25,000,000	19,000,000	27,000,000	19,000,000
b. Regional resource centers (Part C, Sec. 621)	[4/]	9,750,000	[4/]	9,750,000
c. Recruitment and information (Part D, Sec. 633)	2,000,000	1,000,000	2,500,000	1,000,000
6. Special education manpower development (Part D, Secs. 631, 632, and 634)	80,000,000	57,487,000	85,000,000	55,375,000
7. Special studies (Part B, Secs. 618 and 620)	Indefinite	2,300,000	Indefinite	2,300,000
Unfunded authorizations:				
Grants for the removal of architectural barriers (Part A, Sec. 607)	Indefinite	---	Indefinite	---
Total BA		976,637,000		1,027,825,000
Total BA against definite authorizations	211,000,000	152,837,000	224,500,000	148,325,000

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Education for the Handicapped: (Education of the Handicapped Act)				
1. State assistance:				
a. State grant program (Part B)...............	Indefinite 1/	$804,000,000	Indefinite 1/	$862,000,000
b. Preschool incentive grants (Part B, Sec. 619)..............	Indefinite 2/	17,500,000	Indefinite 2/	15,000,000
c. Deaf-blind centers (Part C, Sec. 622)....	$26,000,000	16,000,000	$26,000,000	16,000,000
2. Special population programs:				
a. Severely handicapped projects (Part C, Secs. 621 and 624) 3/..	4/	5,000,000	4/	5,000,000
b. Early childhood education (Part C, Sec. 623)..............	25,000,000	22,000,000	25,000,000	20,000,000
3. Regional vocational, adult, and post-secondary programs (Part C, Sec. 625)........	12,000,000	2,400,000	14,000,000	2,400,000
4. Innovation and development (Part E)..............	22,000,000	20,000,000	24,000,000	20,000,000
5. Media and resource services:				
a. Media services and captioned films (Part F)...............	25,000,000	19,000,000	27,000,000	19,000,000
b. Regional resource centers (Part C, Sec. 621)..............	4/	9,750,000	4/	9,750,000
c. Recruitment and information (Part D, Sec. 633)....	2,000,000	1,000,000	2,500,000	1,000,000
6. Special education manpower development (Part D, Secs. 631, 632, and 634)..............	80,000,000	57,687,000	85,000,000	55,375,000
7. Special studies (Part B, Secs. 618 and 620)........	Indefinite	2,300,000	Indefinite	2,300,000
Unfunded authorizations:				
Grants for the removal of architectural barriers (Part A, Sec. 607)...........	Indefinite	---	Indefinite	---
Total BA.........................		976,637,000		1,027,825,000
Total BA against definite authorizations	211,000,000	152,837,000	224,500,000	148,525,000

1/Indefinite authorization. Each State and eligible jurisdiction is entitled to a grant equal to the number of handicapped children multiplied by 20% of the average per pupil expenditure (30% for 1980). The total number of handicapped children in each State may not exceed 12% of the total number of all children aged 5-17 in that State.

2/Indefinite authorization. Each State may receive an award equal to the number of handicapped children aged 3-5 who are receiving special education and related services multiplied by $300. Awards are ratably reduced.

3/While funds for Severely Handicapped Projects are requested under Part C, Section 621, the authority used to operate these projects is derived from Section 624 of the same part. Funding for Section 624 projects may originate in any section of Part C which has specific authorizations.

4/The authorization of $21,000,000 for each of the years 1979 and 1980 is the authority cited for both Severely Handicapped Projects and Regional Resource Centers. The total requested against the 1980 authorization is $14,750,000.

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Education for the Handicapped

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1969	$ 84,650,000	$ 78,850,000	$ 78,850,000	$ 78,850,000
1970	85,850,000	100,000,000	105,000,000	84,575,000
1971	94,450,000	104,400,000	104,400,000	104,400,000
1972	104,250,000	109,250,000	110,750,000	110,000,000
1973	131,019,000	157,319,000	180,569,000	157,319,000
1974	131,109,000	143,609,000	159,069,000	147,079,000
1975[1/]	197,109,000	284,609,000	324,859,000	299,859,000
1976	175,000,000	235,000,000	237,750,000	236,375,000
Transition Quarter	213,100,000	210,500,000	210,500,000	210,500,000
1977	236,375,000	426,375,000	507,125,000	469,360,000
1978	519,925,000	619,925,000	643,425,000	622,825,000
1979	971,825,000	971,825,000	981,450,000	976,637,000
1980	1,027,825,000			

[1/] Includes additional amounts for support of programs shifted to an advance appropriations cycle during that year.

Justification

Education for the Handicapped

	1979 Estimate	1980 Estimate	Increase or Decrease
State assistance:			
(a) State grant program.............	$804,000,000	$862,000,000	+$58,000,000
(b) Preschool incentive grants......	17,500,000	15,000,000	- 2,500,000
(c) Deaf-blind centers..............	16,000,000	16,000,000	---
Subtotal...................	837,500,000	893,000,000	+ 55,500,000
Special population programs:			
(a) Severely handicapped projects...	5,000,000	5,000,000	---
(b) Early childhood education.......	22,000,000	20,000,000	- 2,000,000
Subtotal...................	27,000,000	25,000,000	- 2,000,000
Regional vocational, adult, and postsecondary programs............	2,400,000	2,400,000	---
Innovation and development..........	20,000,000	20,000,000	---
Media and resource services:			
(a) Media services and captioned films........................	19,000,000	19,000,000	---
(b) Regional resource centers......	9,750,000	9,750,000	---
(c) Recruitment and information	1,000,000	1,000,000	---
Subtotal	29,750,000	29,750,000	---
Special education personnel development..................	57,687,000	55,375,000	- 2,312,000
Special studies....................	2,300,000	2,300,000	---
Total budget authority........	976,637,000	1,027,825,000	+ 51,188,000

General Statement

By September 1, 1980--five years after the passage of the Education for All Handicapped Children Act (P.L. 94-142)--all States receiving assistance under the Act must have met the full-service mandate for all handicapped children between the ages of three and twenty-one. The target date is a milestone in the Federal efforts over the years to assure that State and local governments extend to handicapped children the same rights to educational services that they extend to non-handicapped children.

The growth in the Federal commitment to education for the handicapped can be viewed within the larger context of an increasing concern about the role of the handicapped in society as a whole--away from exclusion from the mainstream and towards their integration, to the maximum extent possible, into normal living and working situations. It is in recognition of this concern that Federal involvement with education for the handicapped has grown from a modest beginning in 1958 with an appropriation of about $1 million to train personnel to teach the hearing and speech impaired, to 1979, when over $1 billion in Federal funds alone furthered the goals of Special Education. Along with the growth of funds, the scope of involvement has expanded to include support for demonstration projects, developmental assistance, and training programs in areas ranging from early childhood education, vocational education, and personnel preparation, to activities which incorporate the latest technological advances in media services and captioned films.

The major thrust of the 1980 budget request for education for the handicapped is to strengthen the capacity of State and local governments as they move into compliance with the mandate of P.L. 94-142. This will be done through a significant increase--$58,000,000--for the State Grant program, bringing the Federal contribution to a level of $862,000,000. In addition, there will be a maintenance of support for discretionary programs at a level of $165,825,000, or $6 million below 1979. The net increase is $51 million, or 5.3 percent above 1979.

The Handicapped State Grant program, which began in 1967 with an appropriation of $2,500,000, has experienced rapid growth as the full-service deadline approaches--from $47 million in 1974, the year before the passage of P.L. 94-142, to $804,000,000 in 1979. The fiscal year 1980 request of $862,000,000 for the State Grant program is aimed at maintaining this strong commitment to assist the States in educating almost four million handicapped children. To maintain the Federal contribution at 12 percent of excess costs in 1980 requires a seven percent increase in funds due to an additional 150,000 children expected to be receiving special education and related services, and to rising costs of these services, many of which are highly specialized. This is an advance-funded program so funds requested for fiscal year 1980 will be used in school year 1980-81.

The Preschool Incentive Grant program, which is also advance-funded, awards States additional funds for each preschool child counted, in addition to the contribution provided by the State Grant program. In 1980, the request of $15,000,000, $2,500,000 less than 1979, will provide $67 per child as an incentive to extend educational services to preschool handicapped children.

In order to evaluate the effectiveness of the State Grant and Preschool Incentive Grant programs, Section 618 of P.L. 94-142 authorizes the Commissioner of Education to conduct studies on the progress of implementation of the law. The 1980 request of $2,300,000 for Special Studies will fund 12 contracts which will address issues such as the impact of P.L. 94-142 on the handicapped child and family and provision of special education services to handicapped students in private schools. The results of these studies will be valuable in shaping future policy on P.L. 94-142.

Two discretionary programs are proposed for reduction in 1980: $2 million, or nine percent less for the Early Childhood Education program, and $2.3 million, or four percent less for the Special Education Personnel Development program. The increase of $58 million in State Grant funds will more than offset the $4.3 million decrease in these two programs. Moreover, these are not significant reductions when viewed in the context of the history of Federal help in model building and in personnel training for the handicapped. State and local education agencies will continue to benefit from the more than 235 model projects which have been funded by the Early Childhood program over the past five years. Regarding manpower, a major prerequisite to receiving State Grant funds is that States provide a system of personnel development which is sufficiently comprehensive to assure that the trained personnel necessary to carry out the Act's purposes are, in fact, available. With the law entering its fifth year of operation, most State personnel systems should be in place to meet that requirement, permitting a reduction in Federal support.

Budget requests totalling $73,150,000 for the remaining seven discretionary programs carried out under the Education of the Handicapped Act remain at the 1979 level. Activities undertaken in these programs are designed to support States' efforts to adopt quality educational practices for handicapped children. Approximately 5,800 deaf-blind children will benefit from services in 17 regional deaf-blind centers. Demonstration projects will be funded under the Severely Handicapped and Innovation and Development programs to develop, test, and visibly demonstrate "best practices" in special education. The Media and Resource Services programs will continue to produce and distribute educational materials to handicapped students and special educators.

In sum, $1,027,825,000 is requested for Education for the Handicapped for fiscal year 1980. Through a combination of direct aid, technical assistance, monitoring, and capacity-building activities, the Federal efforts in the area of education for the handicapped will help to assure that all States meet the mandate of the law to provide full educational opportunity to all handicapped children and to assure a high standard of quality in the services provided.

1. State Assistance: a. State Grant Program
(Education of the Handicapped Act, Part B)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
54	$804,000,000	Indefinite	54	$862,000,000	+$58,000,000

Purpose and method of operations

In order to assist States in their efforts to provide a free, appropriate and individualized public education to all handicapped children aged 3-21 by September 1, 1980, as mandated by the Education of the Handicapped Act, this program awards grants to 57 States and outlying areas. Federal funds provided under this program help defray excess costs associated with the education of handicapped children. For purposes of the Act, excess costs are those costs which exceed the average annual per pupil expenditure in a local education agency during the preceding school year.

This is an advance funded program. The amount requested for fiscal year 1980 will become available for obligation on July 1, 1980, for use during the 1980-81 school year. The maximum amount each State is entitled to receive each year is equal to the number of children, aged 3-21, receiving special education and related services, multiplied by a specified percent of the national average per pupil expenditure (APPE). The percentage authorized increases yearly to a maximum of 40 percent in 1981:

Fiscal Year Appropriation	Authorized Percent of APPE
1977	5%
1978	10%
1979	20%
1980	30%
1981	40%

Grants are ratably reduced in accordance with available funds and no State may receive an amount which is less than that received in fiscal year 1977. In determining the amount of funds allocated to each State, no more than 12 percent of the number of children in each State, aged 5-17, may be counted as handicapped. Priority is placed by the legislation on identifying and serving first the unserved, and second the most severely handicapped within each disability category.

Any State meeting the eligibility requirements set forth in the law and wishing to participate must submit to the Commissioner of Education a State plan which assures that 1) funds will be spent in accordance with the provision of the law; 2) funds for education for handicapped children provided under other Federal programs will be utilized in a manner consistent with the goal of providing a free, appropriate, public education; 3) programs and procedures for personnel development will be established; 4) provision will be made for the participation of handicapped children in private schools and facilities; and 5) Federal funds will be used to supplement State and local expenditures. Of the total funds that a State receives, only five percent or $200,000 (whichever is greater) may be used by States for administrative costs.

1980 budget policy

To assist the States in meeting their responsibilities in providing educational services to handicapped children and youth, $862,000,000 is requested in 1980. This amount will maintain the Federal share of excess costs at about 12 percent of the APPE, the same as 1979. The increase of $58,000,000 over the previous year is required to account for two variables:

1. Increase in number of children. P.L. 94-142 mandates that as of September 1, 1980, handicapped persons in a new age group (18-21) will be added to those eligible for educational services, if consistent with State law and practice. The inclusion of this new age group, as well as continued improvement of child-find activities, will result in an anticipated increase of the number of children served from 3,800,000 in 1979 to 3,950,000 in 1980, an increase of 150,000 children.

2. Increase in APPE. Average per pupil expenditures are expected to increase from $1,700 to $1,819. Consequently, maintenance of a 12 percent Federal contribution requires $218 per child in 1980. In 1979, the contribution was $211 per child.

The following primary objectives of the State Grant programs will continue in 1980:

1. to assure that all handicapped children have available to them a free, appropriate, public education which includes special education and related services to meet their unique needs;

2. to assure that the rights of handicapped children and their parents are protected;

3. to assist States and localities to provide for the education of all handicapped children;

4. to assess and assure the effectiveness of efforts to educate those children; and

5. to assure that an adequate number of teachers and educators are available to serve the needs of all handicapped children. The Special Education Personnel Development program, which assists States in meeting this mandate of P.L. 94-142, will provide training to an estimated 95,000 special educators in 1979.

Seventy-five percent of Part B funds "flow through" the State education agencies to the local education agencies which meet legislated requirements and priorities, and which are able to qualify for the minimum allocation of $7,500. Funds from Part B, which a State retains, must be matched on a program-by-program basis by the State from non-Federal sources if the funds are used for other than administrative purposes.

The following chart depicts the funding history since the first year of implementation of P.L. 94-142.

School Year	APPE[1]	Child Count[1]	Obligations	Federal Share/Child	Percent of APPE	Authorized Percentage
1977-78	$1,430	3,484,755	$251,769,927[2]	$ 72	5%[3]	5%
1978-79	1,560	3,560,866	566,030,073[4]	156	10%	10%
1979-80	1,700	3,800,000	804,000,000	211	12%	20%
1980-81	1,819	3,950,000	862,000,000	218	12%	30%

[1] Figures for 1979-80 and 1980-81 are projections.

2/ Amount obligated is less than the appropriated amount of $315,000,000 due to a lower than anticipated child count. Balance was used for following year.

3/ Under the "hold harmless" provision in P.L. 94-142, 14 States actually received grants larger than the five percent authorization.

4/ Includes carryover from previous year ($63,230,073) as well as the regular appropriation of $465,000,000 and the supplemental of $37,800,000.

1. State Assistance: b. Pre-school Incentive Grants
(Education of the Handicapped Act, Part B, Section 619)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
1/	$17,500,000	Indefinite	1/	$15,000,000	-$2,500,000

1/ Positions are shared with State Grant Program: 54 in 1979 and 1980.

Purpose and method of operations

To stimulate State and local education agencies to expand educational services to pre-school children, this program authorises the award of funds to States which are presently providing special education and related services to children in this age group. The Education of the Handicapped Act, as amended by P.L. 94-142, mandates that all handicapped children ages 3-21 receive a free appropriate public education. This requirement does not apply to 3-5 year olds if the provision is inconsistent with State law or practice. Since this provision does not result in extending benefits to handicapped pre-school children in those States which do not mandate or provide educational services to children in this age group, and since such services are critical and cost effective, Section 619 of the law authorizes financial assistance to States as an incentive for State and local education agencies to develop and expand programs for the pre-school (age 3-5) child.

State educational agencies must report to the Commissioner no later than February 1 of each year the number of handicapped children residing in the State who were receiving special education and related services on December 1 of that school year. The number of children aged three through five so reported is the basis for awarding preschool incentive grants to SEAs in the next fiscal year. The maximum grant amount each State may receive is determined by multiplying the number of children counted by $300. Grants are ratably reduced in accordance with the availability of funds. State education agencies may distribute funds to local education agencies on a discretionary basis. To receive funds, a State must have on file in the Office of Education an approved State plan to provide all handicapped children a free, appropriate public education.

This is an advance funded program. Funds requested for fiscal year 1980 may be distributed to States in July preceding the 1980-81 school year.

1980 Budget Policy

In order to continue to provide an incentive to States to increase the number of preschool handicapped children receiving special education and related services, $15 million is requested in 1980. This represents a decrease of $2.5 million from 1979. It is believed that the decrease will not adversely affect the growth in the numbers of children in the three to five age range being served by the States. The number of children served has increased significantly from 195,000 in 1977, the first year the law was implemented, to an estimated 225,000 in 1980. Since children aged three to five are counted under both the State Grant program and the Preschool Incentive program, each preschool child served by the States will receive the per child contribution of $67 provided by this program as well as the $218 per child under the State Grant program, thus maintaining an adequate incentive to States to expand services to additional children.

As a complement to the Incentive Grant program, the Early Childhood Education program supports the development and replication of models of preschool programs. States may use Preschool Incentive Grant funds to institute programs developed through the Early Childhood program. Whereas the Incentive Grant program distributes funds on a formula basis, the Early Childhood projects are funded through discretionary grants and contracts.

1. State Assistance: c. Deaf-Blind Program
(Education of the Handicapped Act, Part C, Section 622)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
4	$16,000,000	$26,000,000	4	$16,000,000	---

Purpose and method of operations

To enable deaf-blind children to achieve their full potential for useful and meaningful participation in society, this program supports single and multi-State centers which provide direct, highly specialized support to deaf-blind children and model demonstration projects which demonstrate and verify the effectiveness of innovative practices in the education of deaf-blind children.

Many of the intensive support services required by deaf-blind children, such as physical therapy, speech therapy, mobility training and auditory training, are provided by the centers through approximately 250 subcontracts with State, local, and private organizations in a variety of settings including residential schools, institutions for retarded and severely handicapped children, facilities for the multi-handicapped, and day care centers. Services provided by a center at a regional or State level include the purchase and distribution of educational materials, inservice staff training, technical assistance to subcontractors, case finding, screening, and ancillary assistance. Contracts for deaf-blind centers are initially awarded through national competition but are continued non-competitively for a three-year period.

The demonstration projects also are funded for three years through national competition. The first two years of each project focus on development, documentation, demonstration, and communication. During the third year, contractors are responsible for disseminating specific information about the projects' innovative practices to the general public.

Contracts for both centers and demonstration projects are awarded to public or nonprofit private agencies, organizations, and institutions.

1980 budget policy

To continue to assist States in paying for full educational services for the Nation's deaf-blind children, $16,000,000 is requested in 1980. Of this amount, $14,250,000 will support eight single and nine multi-State regional deaf-blind centers, and $1,750,000 will fund 11 demonstration projects.

Approximately $12,300,000, or eighty percent, of the regional center funds will be used to provide direct educational services through 250 subcontracts, $1,000,000 will be used to provide training for 3,000 teachers, parents, and volunteers, and the remaining $950,000 will pay for administrative costs of the centers.

Since 1979, case-finding efforts of the regional centers have identified 5,614 deaf-blind children, of which nearly half can be attributed to the rubella epidemic of 1964-65. All of these children are receiving educational services through the combined support of Federal, State, and local funds. In 1980, it is estimated that the $14,250,000 Federal funding for the deaf-blind centers will be matched with $45,000,000 in State funds to assure that every deaf-blind child receives services in residential schools, day schools, institutions, group homes, or through home services.

The emphasis on vocational training which has grown during recent years will continue since the majority of the deaf-blind population will soon be out of the elementary and secondary programs and will be moving into vocational and independent living arrangements.

Eleven demonstration projects, one more than in 1979, will develop and demonstrate innovative educational practices for deaf-blind children. As States expand their efforts for this population, they will be able to adopt many of the practices modeled by these projects. Approximately 100 children will participate in the model projects in both 1979 and 1980.

2. Special Populations Programs: a. Severely Handicapped Projects (Education of the Handicapped Act, Part C, Sections 621 and 624)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
4	$5,000,000	1/	4	$5,000,000	---

1/While funds for severely handicapped projects are requested under Part C, Section 621, the authority to operate projects is derived from Section 624 of the same part. Funding for Section 624 projects may originate in any section of Part C which has specific authorizations. The authorization for Section 621 is $21,000,000.

Purpose and method operations

In order to establish and promote activities designed to meet the education and training needs of severely handicapped children and youth, this program awards contracts to State departments of special education, institutions of higher education, and other public and nonprofit private agencies. The Federal strategy is three-pronged: (1) to develop new information (e.g. curricula, technological advances or service delivery models) which addresses significant needs or problems facing educators of severely handicapped children and youth; (2) to examine, and change if appropriate, current presumptions among educators regarding what severely handicapped individuals can learn; and (3) to provide visible demonstrations of "best practices" in the education of the severely handicapped. The ultimate goal of this approach is to assist severely handicapped children and youth attain the highest possible level of functioning in non-segregated community settings.

Projects are funded through national competition for a three year period with continuation into the second and third years based on a project's effectiveness and replicability, and the availability of funds. Demonstrations which are already operating a program for the severely handicapped and have obtained validation of their educational and training procedures by the USOE Joint Dissemination Review Panel may compete for funding as outreach projects.

1980 budget policy

To improve services to severely handicapped children and to complement State activities mandated by P.L. 94-142, $5,000,000 is requested for 1980. Emphasis will continue to be placed on the development and dissemination of appropriate instructional content and solutions to obstacles in service delivery in terms of educational environment and management of personnel, ancillary services, and fiscal resources.

The 1980 request will support 33 demonstration projects and 5 outreach projects compared with 34 demonstrations and 5 outreach projects in 1979. The types of projects to be supported in 1980 are:

1. Demonstration projects. Thirty-three projects designed to develop and demonstrate solutions to specific barriers to effective education of the severely handicapped will be supported at a level of $4,300,000.

    — Three new projects will demonstrate innovative approaches to communication, sensory-motor development, pre-vocational and vocational skills, and social interaction. ($390,000)

- Three new projects will demonstrate approaches to major service delivery issues regarding deinstitutionalization and the provision of services in integrated settings. ($390,000)

- Twenty-two continuation projects will validate the effectiveness of educational practices for a specific handicapping condition such as visually-impaired multi-handicapped, severely/profoundly retarded, and aurally-impaired multi-handicapped. ($2,860,000)

- Five continuation projects will specialize in innovative practices in topical areas including acquisition of leisure skills, language instruction related to performance demands in community settings, and age-appropriate functional curricula. ($660,000)

2. Outreach projects. One new and four continuation outreach projects will be supported to demonstrate exemplary practices for serving severely/profoundly retarded children and youth in pre-vocational and vocational areas, and to assist State and local agencies in establishing replications of the model projects. ($700,000)

2. Special Population Programs: (b) Early Childhood Education (Education of the Handicapped Act, Part C, Section 623)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
10	$22,000,000	$25,000,000	10	$20,000,000	-$2,000,000

Purpose and method of operations

To improve the quality and availability of educational programs for preschool handicapped children, the Early Childhood Education program supports a variety of discretionary activities carried out by public agencies and private nonprofit organizations. This program complements the goals of the Preschool Incentive Grant program by developing, testing and disseminating effective and validated models of preschool intervention. States may choose to implement these models through formula funds received under the State Grant program and the Preschool Incentive Grant program, or with State and local resources.

The Early Childhood Education program has five components: demonstration projects, model-outreach projects, State implementation grants, technical assistance projects, and early childhood institutes. All projects are implemented through grants with the exception of the technical assistance projects and the institutes. Projects are normally awarded for a three-year period, with funding for the second and third years contingent upon successful performance and availability of funds.

1980 budget policy

The request of $20,000,000 for fiscal year 1980 is $2,000,000 less than the fiscal year 1979 appropriation. As of September 1, 1978 States are required by P.L. 94-142 to serve preschool children between the ages of 3 and 5, if consistent with State laws and pratice. The anticipated number of children aged 3-5 receiving special education services in 1980 is 225,000, a significant increase from the 196,000 reported in the first child count taken in 1977. The reduction in the budget request is due to accomplishments of some of the objectives of this program resulting in the increased commitment of States to serve preschool children with both State Grant and Preschool Incentive Grant funds.

In addition, the requested reduction anticipates the decreased authorization for this program from $25,000,000 in 1980 to $20,000,000 in 1981. The lower authorization argues against adding new starts which would require additional funds for their continuation in subsequent years.

In 1980, a total of 179 grants will be awarded, 15 fewer than in 1979. Six contracts will be funded as noncompetitive continuations. The distribution of awards and funds by component follows:

1. Demonstration projects. In 1980, the emphasis of the new demonstration projects will shift from the older preschool handicapped to the birth-to-three age range, responding to recent needs assessments which indicate a lack of a sufficient number of proven products and practices for this age group. $11,800,000 will support 120 projects. In 1979, $13,509,000 supported 133 projects.

2. Model-outreach projects. Formulated as a vehicle to allow successful demonstration projects to continue sharing their expertise with others, these projects provide models which State and local agencies can choose to replicate. The models provide assistance in six areas: (1) increasing awareness of the need of early childhood education; (2) developing and testing instructional products; (3) stimulating replication of model components; (4) stimulating State involvement through referral networks or consortia; (5) providing training activities; and (6) providing consultation on specific topics. In 1980, $3,810,000 will be used to support 35 model-outreach projects. In 1979, 38 were funded with $3,866,000.

3. State implementation grants. These grants assist States in developing and implementing statewide plans to provide appropriate educational services to all preschool handicapped children. Whereas the Preschool Incentive Grant program provides funds to States based upon the number of children aged three to five, the State implementation grants are awarded competitively to those States who provide a carefully designed plan for coordinating and expanding statewide programs for all preschool handicapped children. These grants provide for assessment of need, training, and data collection and analysis. $1,805,000 will fund 24 grants in 1980. In 1979, 29 projects required $2,175,000.

4. Technical assistance projects. Two projects requiring $1,435,000 will provide technical assistance to demonstration and State implementation projects in needs assessment, program management, self-evaluation, and packaging of models. Both projects will be continued from 1979 at about the same level.

5. Early childhood institutes. Support for the fourth year of four early childhood institutes will be increased significantly in fiscal year 1980, requiring $1,150,000 in total, $200,000 more than 1979. These projects represent a long-term commitment to institutions to permit them to study the complex problems of young handicapped children. The tasks of the institutes include: (1) to improve both identification and educational intervention approaches; (2) to determine the validity of approaches through direct application; and (3) to produce and disseminate findings to educators.

3. Regional, Vocational, Adult, and Postsecondary Programs (Education of the Handicapped Act, Part C, Section 625)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
2	$2,400,000	$14,000,000	2	$2,400,000	---

Purpose and method of operations

To provide educational services to postsecondary handicapped individuals, this program awards contracts and grants to institutions of higher education, including junior and community colleges, vocational and technical institutions, and other appropriate nonprofit educational agencies. Priority consideration for use of these funds are for (1) programs serving multi-state regions or large population centers; (2) programs adopting existing programs of vocational, technical, postsecondary, or adult education to the special needs of handicapped persons; and (3) programs designed to serve areas where a need for these services is clearly demonstrated.

Types of services supported by this program include interpreters, tutors, wheelchair attendants, guidance counselors, job placement and followup, instructional media, inservice training for teachers and other educational staff, and recreational activities. Funds may not be used for payment of tuition or subsistence allowances, or for the costs of construction.

1980 budget policy

To assist in preparing the handicapped for gainful employment, and to enhance the acquisition of skills for postsecondary handicapped persons, $2,400,000 is requested in 1980, the same as in 1979. Four continuation contracts will be awarded the following institutions which provide vocational and technical training programs for deaf students: California State University at Northridge, Delgado College at New Orleans, Seattle Central Community College and St. Paul Technical Vocational Institute at St. Paul. Approximately 6 contracts, to be awarded competitively, will combine direct service to students and assistance to postsecondary educational systems in order to (1) adopt curricula for persons with handicapping conditions other than deafness, (2) disseminate information on curriculum modification to other postsecondary institutions, and (3) improve services to underserved and unserved populations such as developmentally disabled adults and ethnic minorities.

In 1980, 10 projects will be funded, one less than 1979. Approximately 3,500 students will receive services in the schools which receive funds under this program.

Some results of projects whose last year of funding will be in 1979 are:

- o the first national conference on the state of the art of the disabled student on American campuses.
- o a program for developmentally disabled adults who are not capable of pursuing a regular college curriculum. Students receive instruction in areas such as money management, interviewing for a job, and use of public transportation.
- o a community network which allows college handicapped persons to receive college instruction through special telephone hookups between the classroom and individual student's homes.

4. Innovation and Development
(Education of the Handicapped Act, Part E)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
42	$20,000,000	$24,000,000	42	$20,000,000	---

Purpose and method of operations

To improve educational opportunities for handicapped children this program supports research, surveys, and demonstrations through contracts and grants. Each project includes one or more of the following purposes: (1) to study appropriate arrangements for delivery of total educational services with a view towards eliminating barriers to educational opportunity for the handicapped; (2) to field test early identification and intervention strategies; (3) to analyze the adequacy of existing career and vocational curricula and materials for the handicapped; (4) to evaluate alternative systems leading to the most appropriate environment and the deinstitutionalization of severely handicapped children; (5) to analyze various staff roles in providing educational services in the least restrictive environment, or (6) to conduct research on the nature and educational treatment of children with specific learning disabilities.

The research and demonstration activities supported under the Innovation and Development program result in either information or instructional materials which have direct utility in the educational curricula and instructional techniques for the handicapped. For example, products include improved assessment instruments to more accurately diagnose children, a study of the educational implications of child abuse, and a mechanical hand to aid in teaching manual communication to the deaf/blind.

State and local education agencies, institutions of higher education, and other public and private nonprofit educational or research agencies are eligible for grants and contracts funded in this program. Projects are funded up to three years and are initially awarded through national competition.

1980 budget policy

To expand the knowledge base underlying the provision of high quality special education, $20,000,000 is requested in 1980 to support Innovation and Development, the same as 1979. At the broadest level, funded activities represent an effort supportive of essentially all other programs relating to education of the handicapped. Approximately 186 projects will be supported in 1980, including 90 new and 96 continuations, compared with the 1979 level of 179 projects, 85 new and 94 continuations. In total, approximately 170 research reports will be produced as a result of projects in basic and applied research that will be funded. In addition, some 80 educational products including reading series and instructional kits will be developed.

Activities will be carried out in 1980 under the following five categories:

1. Research and development. Both grants and contracts are awarded to support field initiated research which address broad priority areas in special education. In 1979 research was conducted in areas such as assessment of learning disabled children, personnel development, special education finance, physical education for the handicapped, and nonvocal communication. (Dollars in thousands)

	1979	1980
Total projects($)	$11,780	$11,500
Number of projects	79	84
New projects($)	$ 2,600	$ 2,500
Number	30	35
Continuations($)	$ 9,180	$ 9,000
Number	49	49
Research reports	110	140
Child or teacher materials	50	55
Inventions	5	5

2. Demonstration projects. As a result of funding projects designed to demonstrate exemplary practices in educating the handicapped, approximately 1,600 children will benefit. In 1979, 22 specific learning disabilities projects were continued. In 1980, all new and continuation projects will demonstrate a broad range of educational practices covering all handicapping conditions. ($ in 000)

	1979	1980
Total projects($)	$7,550	$7,750
Number of projects	69	71
New projects($)	$2,550	$2,750
Number	24	25
Continuations($)	$5,000	$5,000
Number	45	46
Child materials	60	55
Replications by other agencies	120	110

3. Student research. The purpose of this program which provides financial support to undergraduate and graduate students is four-fold: (1) to stimulate new personnel to enter the field of research in education of the handicapped; (2) to assist students in obtaining a viable research product; (3) to motivate research in special education, and (4) to encourage coordination and communication between university disciplines and departments. Support can be provided through an institution for dissertations, theses, and other student initiated projects. All projects are new awards. ($ in 000)

	1979	1980
Total projects	$ 220	$ 250
Number	30	30
Research reports	30	30

4. Technical assistance. One project requiring $500,000 will be continued from 1979 in order to provide technical assistance to demonstration projects. The objectives of this project are to facilitate communication among the projects, to conduct conferences on topical areas which benefit the projects and to provide consultation by specialists in education of various handicapping conditions. The project was begun in 1979 with $450,000.

5. Media and Resource Services: a. Media Services and Captioned Films
(Education of the Handicapped Act, Part F, sections 652 and 653)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
10	$19,000,000	$27,000,000	10	$19,000,000	---

Purpose and method of operations

To produce and distribute educational materials to handicapped students, their parents, their actual or potential employers, and other persons actively involved in work for the advancement of the handicapped, this program awards grants and contracts. Additional activities include captioning and distributing films for deaf persons, and training personnel in the use of educational media for instruction of the handicapped. This last function is accomplished through a system of centers which focus on demonstration and technical assistance in an attempt to facilitate more effective utilization of media and materials for the handicapped.

The captioned films program serves over 90 percent of the deaf population with its captioned educational and theatrical films and captioned television. Through Recordings for the Blind, Inc., over half of the blind high school students and over 90 percent of the blind college and graduate students are provided with taped educational books.

Contracts and grants are made to State and local education agencies, institutions of higher learning, and other public and non-profit private agencies on a competitive basis. Projects are approved for periods up to 3 years but annual renewal is based on the quality and effectiveness of a project, its replicability, and availability of funds.

1980 budget policy

To continue to provide appropriate media services for handicapped students, $19 million is requested for 1980, level funding this program at the 1979 appropriated amount. There will be a minor shift of emphasis within the captioning and recording activity, although the amount of money for this component will remain the same as the previous year. As in 1979, approximately 130 grants and contracts will be awarded. Activities include:

1. Captioning and Recording: $8,500,000 will support approximately 60 contracts for the development, adaptation, production, and distribution of materials incorporating the most recent technological advancements in television and recording. In 1980, a shift in emphasis will be accomplished through the training of 20 writers for captioned TV and the purchase of 18 encoders, compared with 10 writers and eight encoders in 1979. On the other hand, there will be a slight decrease in the number of captioned educational and feature films added to the film library, from 192 to 168. The captioning of ABC news on the Public Broadcasting Service will continue.

2. Educational Media and Materials Centers and Services: Approximately $3,000,000 the same amount as in 1979, will support the continuation of three centers which design (or adapt), market, and disseminate educational material for the handicapped. Two centers focus on specific handicapped conditions - one for the hearing impaired and the other for the severely handicapped. The third center, the National Instructional Materials Information System (NIMIS), assists parents and teachers locate instructional materials appropriate for identified learner needs of handicapped children. Through NIMIS, 40,000 materials now on the market have been

entered into a computer with descriptive abstracting, classification terms, and search descriptors for retrieval in flexible ways. For example, the NIMIS system places computer terminals at the SEAs, allowing teachers to call a toll-free number and retrieve information within a very short period of time.

3. Marketing and implementation: To continue the strategy of assuring that models of curricula, materials, and products designed for the handicapped are available to the handicapped, approximately $3,500,000 will support 35 contracts in 1980. Assistance will be available to States and LEAs to implement and improve their delivery of educational media and materials to handicapped learners.

4. National Theater of the Deaf: $500,000 will be provided by contract for support of the National Theater of the Deaf.

5. Recordings for the Blind, Inc.: Support will continue at a level of $500,000 for a single contract to Recordings for the Blind, Inc., to provide educational materials to visually handicapped learners.

6. Demonstration and development: With $3,000,000, this activity will support 30 grants, the same as in 1979, which will continue the following legislated objectives:

(1) Research to identify and meet the full range of special needs of the handicapped relative to instructional materials and technology.

(2) Development or demonstration of new methods, or improvements in approaches, or techniques, which contribute to the adjustment and education of the handicapped through the use of instructional materials, media, and/or technology.

(3) Training of professional and allied personnel engaged or preparing to engage in programs specifically designed for the handicapped.

5. Media and Resource Services: b. Regional Resource Centers
(Education of the Handicapped Act, Part C, Section 621)

1979 Estimate		1980			Increase or Decrease
Pos.	Authority	Authorization[1/]	Pos.	Budget Authority	
7	$ 9,750,000	$21,000,000	7	$ 9,750,000	---

[1/] This authorization of $21,000,000 includes the authorization for the Severely Handicapped projects, Part C, Section 621. The total requested against this authorization is $14,750,000.

Purpose and method of operations

To assist States and, through them, local education agencies in meeting their responsibilities under P.L. 94-142, this program awards contracts for the operation of Regional Resource Centers (RRCs) and Direction Service Centers. The purposes of this program are 1) to encourage and promote the development and application by State and local education agencies, of exemplary appraisal and educational programming practices for handicapped children; 2) to provide technical assistance in developing State plans, specifically in the area of implementation of the P.L. 94-142 provision for individualized education programs (IEPs); 3) to provide direct referral services for SEAs and LEAs; and 4) to encourage the adoption by LEAs of multidisciplinary referral services through the development and demonstration of models.

The emphasis by RRCs in providing assistance to teachers to develop individualized education plans reflects the importance of these plans in the provision of quality educational services to handicapped children. The RRCs, usually based in universities or State education agencies, develop service agreements with each SEA in its region, outlining the specific types of assistance to be provided by the RRC. The service agreements specify how each activity relates to the State strategies as stated in the annual program plans, how the activities will be carried out by the RRC, the fiscal and personnel resources required, and the administrative agreements between the RRC and SEA. Each RRC is authorized to serve the clients' needs as they relate to appraisal, child placement, development, implementation, and review of IEPs, and evaluation of child performance. Services are provided through technical assistance, demonstration of model practices, training of persons involved in IEP development, and design of criteria and procedures for monitoring the implementation of IEPs. In addition, the RRCs will continue to provide diagnostic support to the SEAs and LEAs.

The purpose of the Direction Service Centers (DSCs) is to encourage local education agencies to adopt comprehensive referral services emphasizing parent participation, the maintenance of service information on each child, and periodic reassessment of the child's needs. DSCs are designed to provide one-stop information services to parents of handicapped children. Children are often referred by the DSC to the Regional Resource Centers for diagnosis and assessment, and for placement in an appropriate educational program.

Contracts for the Regional Resource Centers and Direction Service Centers currently in operation were awarded on a competitive basis in fiscal year 1978 and will be renewed in 1979 and 1980 contingent upon each center's effectiveness and the availability of funds.

1980 budget policy

To assist the States in meeting their responsibilities under P.L. 94-142 $9,750,000 is requested for 1980 to continue 16 RRCs and 17 Direction Services Centers. This is the same funding level as the previous two years. The costs of this program are being shared more and more by client States. Funds provided under P.L. 94-142 may be used by States to assume the costs of carrying out these responsibilities. Specific objectives for 1980 are as follows:

1. Regional Resource Centers. With $7,000,000, the RRCs will advise SEAs and LEAs on non-biased testing, develop 22 instructional guides, train 9,000 teachers in IEP development, and diagnose and refer 65,000 handicapped children for special education services. In addition, the RRCs will aid in the provision of the full range of comprehensive services to handicapped children required by P.L. 94-142 through support of the 10 collaborative interagency agreements with the Administration for Children, Youth, and Families, Office of Civil Rights, Bureau of Vocational and Adult Education and the Social Security Administration. Funds will be distributed as follows for the four primary functions of the RRCs:

(a) State program development: $4,000,000 --Includes support of models, training of SEA personnel, and dissemination of information to encourage improvement in appraisal practices and educational programming. Approximately 9,000 teachers will be trained in IEP development in both 1979 and 1980.

(b) Educational appraisal: $1,000,000 --Includes testing and evaluation of referred children and announcement of available services and service criteria through SEAs. In 1980, as in 1979, 65,000 children will be diagnosed and assessed.

(c) Educational programming: $1,000,000 --Includes development of educational programs for children; consultations with schools and other agencies, parents, and teachers, and reassessment of child placements.

(d) Project administration: $1,000,000 --Includes maintenance of accountability data and other administrative activities of center operations.

2. Direction Service Centers. $2,750,000 will permit 17 Direction Service Centers to continue to provide direction on a comprehensive range of services, including educational, medical, and social. Funds will be distributed between two functions: $1,000,000 for the development of intrastate interagency agreements designed to build support for the continued financing of these and additional centers through non-federal sources; and $1,750,000 will be used to provide information services to clients.

In 1980, the numbers of RRCs and DSCs and the distribution of funds for their support will be the same as 1979.

5. Media and Resource Services: c. Recruitment and Information (Education of the Handicapped Act, Part D, Section 633)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
1	$1,000,000	$2,500,000	1	$1,000,000	---

Purpose and method of operations

To disseminate information about programs, services, and resources for the education of handicapped children and to provide referral services to parents, teachers, and other persons especially interested in the handicapped, this program awards grants and contracts. An additional objective is to encourage students and professional personnel to work in the various fields of education for handicapped children and youth. Activities are funded through grants and contracts awarded on a competitive basis to public or nonprofit agencies, organizations and institutions.

1980 budget policy

To promote a greater awareness of the availability of services for the handicapped, $1,000,000 is requested for 1980. With these funds, efforts will be maintained at the 1979 level, permitting the continued funding of 13 awards supported in the previous year. Emphasis on developing information packages for Indians, those of limited English-speaking ability, and the geographically isolated handicapped will continue. 1980 activities of this program are described below.

1. Eight local information units will be funded to provide referral and information services to handicapped children and their parents. About $400,000 will support this activity, the same as in 1979.

2. Support for the Information Clearinghouse will continue at a level of approximately $246,000. This activity includes production and distribution of Closer Look Report, which will achieve a circulation of 200,000 by 1980. In addition, recruitment information distributed in Special Education Careers will be directed at regular educators and college students to attract personnel to the field of special education.

3. Support will continue for media outreach campaigns whose emphasis will be on promoting in the general population awareness of the needs of the handicapped through TV and radio announcements and news releases to commercial and public stations. An estimated $300,000 will fund two continuation contracts.

4. Workshops will be conducted in geographically strategic areas of the country to explain the functions and operations of the local information units, and provide training for parents who operate local units. One contract will be continued from 1979 at $4,000.

5. One contract will be funded at $50,000 to provide technical assistance to local information units.

6. Special Education Personnel Development
(Education of the Handicapped Act, part D, sections 631, 632, and 634)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
28	$57,687,000	$85,000,000	28	$55,375,000	-$2,312,000

Purpose and method of operations

In order to assure an adequate supply of educational personnel competent to deal with the special educational problems of the handicapped, this program provides financial assistance through grants to institutions of higher education, State education agencies, and other appropriate nonprofit agencies. Grant recipients develop and improve training programs for teachers, administrators, researchers, teacher educators, speech correctionists, paraprofessionals, and other special services personnel such as specialists in physical education, arts for the handicapped, and occupational and physical therapy. Those personnel trained through this program not only provide direct educational services to handicapped children and youth, but are also involved with preparation of other educators and specialists. Individuals may receive financial aid through a direct grant or indirectly through a recipient institution.

Projects are funded through grants for up to three years, but awards are made annually and renewed on the basis of effectiveness and the availability of funds.

1980 budget policy

To address training needs for personnel to work with handicapped children and youth, $55,375,000 is requested in fiscal year 1980. This represents a $2,312,000 decrease from the amount appropriated for 1979 and is proposed in order to permit a more substantial increase in the State Grant program, which includes a strong personnel training requirement to be carried out by each State. Specifically, P.L. 94-142 specifies that to qualify for Federal assistance, the annual State plan must include plans to train teachers and administrators, as well as a wide variety of persons in the helping professions and ancillary paraprofessionals, such as teacher aides.

Funds for this program are distributed among four components, each of which addresses an area of need for special education personnel. These are (1) preparation of special educators; (2) preparation of support personnel; (3) special education training for regular classroom teachers; and (4) instructional models. In total, approximately 92,000 persons will receive training in 1980, compared with 95,000 in 1979.

1. Preparation of special educators. In 1980, $21,388,000 will be used to train 25,220 special education students and teachers, compared with $23,700,000 and 28,432 persons in 1979. This decrease in this component from 1979 reflects the entire decrease in this program. Funds will be divided among area of need and preservice versus inservice as follows:

	Preservice		Inservice		Total	
	Amount ($000's)	Trained	Amount ($000's)	Trained	Amount ($000's)	Trained
Early childhood	$3,698	1,155	$2,465	6,117	$6,163	7,272
Severely handicapped	5,024	1,571	2,951	7,787	7,975	9,358
General special ed.	4,496	1,363	2,754	7,227	7,250	8,590
Total	$13,218	4,089	$8,170	21,131	$21,388	25,220

2. Preparation of support personnel. $9,062,000 will support training for 10,533 support personnel, including paraprofessionals, and persons in the fields of physical education, recreation, and vocational and career education. In addition, efforts will be made to recruit and train parents and volunteers to work in educational programs for the handicapped. The funding level and number of persons trained in 1980 is the same as fiscal year 1979.

	Preservice		Inservice		Total	
	Amount ($000's)	Trained	Amount ($000's)	Trained	Amount ($000's)	Trained
Paraprofessionals	$1,051	744	$ 762	1,799	$1,813	2,543
Physical education	957	299	493	1,109	1,450	1,408
Recreation	728	227	359	886	1,087	1,113
Interdisciplinary	971	303	479	1,076	1,450	1,379
Vocational/Career	1,523	475	652	1,662	2,175	2,137
Volunteer program	434	292	653	1,661	1,087	1,953
Total	$5,664	2,340	$3,398	8,193	$9,062	10,533

3. Special education training for regular education teachers. With $19,125,000, approximately 47,000 regular education teachers will receive special education training maintaining the 1979 funding and training levels. This component most directly supports the States' efforts to comply with the mandate of P.L. 94-142 to place handicapped children in the least restrictive environment which, in many cases, means the regular classroom. The inservice programs, conducted mainly by universities, SEAs or LEAs, attempts to bring together regular and special education teachers in the training sessions. The preservice programs aim at integrating undergraduate and graduate education curricula with special education concepts. All students enrolled in such education personnel programs would be affected.

	Preservice		Inservice		Total	
	Amount ($000's)	Trained	Amount ($000's)	Trained	Amount ($000's)	Trained
Regular education Teachers	$7,250	not estimated	$11,875	46,929	$19,125	46,929

4. Instructional models. Approximately $5,800,000 will be used to fund 50 grants which develop innovative modes of instruction for personnel training. Funded on a three-year basis, these grants include a direct training component as an integral part of each project. Eligible grantees include IHEs, SEAs, and LEAs.

	Preservice		Inservice		Total	
	Amount ($000's)	Trained	Amount ($000's)	Trained	Amount ($000's)	Trained
Developmental assistance	---	---	$ 725	1,782	$ 725	1,782
Model implementation	$2,385	745	2,690	6,780	5,075	7,525
Total	$2,385	745	$3,415	8,562	$5,800	9,307

A summary of the components with distribution of funds between preservice and inservice follows:

Comparison of Preservice and Inservice Training

(Dollars in thousands)

	Preservice		Inservice		Total	
	Amount	Trained	Amount	Trained	Amount	Trained
Programs for:						
1. Special education	$13,218	4,089	$ 8,170	21,131	$21,388	25,220
2. Support personnel	5,664	2,340	3,398	8,193	9,062	10,533
3. Regular educators	7,250	---	11,875	46,929	19,125	46,929
4. Instructional models	2,385	745	3,415	8,562	5,800	9,307
Total	$28,517	7,174	$26,858	84,815	$35,375	91,989

7. Special Studies
(Education for the Handicapped Act, Part B, Section 618)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$2,300,000	Indefinite	---	$2,300,000	---

Purpose and method of operations

To measure and evaluate the effectiveness of Federal, State, and local efforts to provide a free appropriate public education to all handicapped children, Section 618 of the Education for All Handicapped Children Act (P.L. 94-142) requires that Special Studies be conducted. These studies provide the basis for the Annual Report to Congress which the Commissioner of Education must submit describing the progress being made toward the full service requirement of the law. In addition, the results of these studies assist the Commissioner in complying with Section 617 of the Act which directs him to provide technical assistance, training, and public information in carrying out his duties under Part B.

Each study conducted under this program addresses the areas of concern specifically described in the Act. These concerns have been organized around the following six questions:

1) Are the intended beneficiaries being served? Addresses issues of numbers and kinds of children being served, and prevention of erroneous classification.

2) In what settings are beneficiaries being served? Addresses provisions regarding least restrictive environment.

3) What services are being provided to beneficiaries? Addresses issues, such as, availability of appropriate personnel and instructional resources.

4) What administrative mechanisms are in place? Issues include the range of Federal and State activities undertaken to implement the law.

5) What are the consequences of implementing the Act? Addresses the administrative and fiscal impact on State and local school systems and on the community in general.

6) To what extent is the intent of the law being met? Addresses progress towards the goal of assuring a free, appropriate public education to every handicapped child.

Although most of the contracts which support the activities under this section are awarded competitively on an annual basis, some studies, such as the longitudinal study on the progress of implementation require a substantially longer period of time and are renewed annually until completion, contingent upon availability of funds.

1980 budget policy

To determine the extent to which the intent of the law is being carried out, the budget request of $2,300,000 will fund two new studies and ten studies begun in prior years. Objectives in 1980 will be a) to determine the changes in services provided to handicapped children which resulted from implementation of the law, 2) to assess the relationship between these consequences and the specific provisions of the Act, and 3) to identify barriers to full implementation and design methods of overcoming them.

Education for the Handicapped

State Grant Program[1]

State or Outlying Area	1978 Advance for 1979 [2]	1979 Advance for 1980 [3]	1980 Advance for 1981[3]
Total	$566,030,073	$804,000,000	$862,000,000
Alabama	9,199,597	13,139,714	14,087,605
Alaska	1,141,091	1,629,812	1,747,385
Arizona	6,318,460	9,024,608	9,675,637
Arkansas	4,821,148	6,886,010	7,382,762
California	49,893,306	71,262,228	76,403,036
Colorado	6,464,413	9,233,073	9,899,140
Connecticut	9,036,317	12,906,503	13,837,568
Delaware	1,899,113	2,712,488	2,90[illegible],165
Florida	18,586,203	26,546,532	28,46[illegible],580
Georgia	13,159,542	18,795,673	20,151,581
Hawaii	1,588,630	2,269,027	2,432,714
Idaho	2,630,753	3,757,485	4,028,547
Illinois	33,570,710	47,948,789	51,407,781
Indiana	12,344,388	17,631,396	18,903,312
Iowa	8,020,418	11,455,502	12,281,894
Kansas	5,220,452	7,456,332	7,994,227
Kentucky	8,853,680	12,645,644	13,557,891
Louisiana	12,809,566	18,295,806	19,615,652
Maine	3,093,590	4,418,551	4,737,302
Maryland	13,020,301	18,596,796	19,938,357
Massachusetts	19,103,830	27,285,855	29,254,238
Michigan	22,185,712	31,687,684	33,973,612
Minnesota	11,381,563	16,256,199	17,428,911
Mississippi	4,836,602	6,908,082	7,406,426
Missouri	13,544,797	19,345,930	20,741,532
Montana	1,553,351	2,218,640	2,378,690
Nebraska	4,192,534	5,988,165	6,420,146
Nevada	1,585,508	2,264,568	2,427,933
New Hampshire	1,410,832	2,015,081	2,160,447
New Jersey	22,185,088	31,686,793	33,972,655
New Mexico	2,515,083	3,592,274	3,851,419
New York	33,590,847	47,977,550	51,438,617
North Carolina	14,280,965	20,397,393	21,868,847
North Dakota	1,353,231	1,932,810	2,072,241
Ohio	25,431,188	36,323,172	38,943,500
Oklahoma	7,528,703	10,753,18[illegible]	11,528,917
Oregon	5,070,752	7,242,51[illegible]	7,764,987
Pennsylvania	26,303,162	37,568,604	40,278,779
Rhode Island	2,044,598	2,920,283	3,130,950
South Carolina	10,768,402	15,380,427	16,489,960

State or Outlying Area	1978 Advance for 1979 2/	1979 Advance for 1980 3/	1980 Advance for 1981 3/
South Dakota	1,314,050	1,876,848	2,012,242
Tennessee	14,768,309	21,093,463	22,615,130
Texas	41,631,558	59,462,035	63,751,586
Utah	5,485,978	7,835,581	8,400,834
Vermont	844,501	1,206,194	1,293,208
Virginia	12,178,610	17,394,616	18,649,451
Washington	7,518,556	10,738,697	11,513,379
West Virginia	4,509,105	6,440,320	6,904,920
Wisconsin	8,772,508	12,529,706	13,433,590
Wyoming	1,162,321	1,660,133	1,779,895
District of Columbia	668,848	640,777	687,002
Puerto Rico	2,899,064	3,100,655	3,324,334
Outlying areas:			
American Samoa	456,910	655,890	703,205
Mariana Islands	167,523	239,252	256,822
Guam	1,269,839	1,813,679	1,944,516
Virgin Islands	808,142	1,152,085	1,235,196
Trust Territory	1,297,586	1,842,788	1,975,094
Bureau of Indian Affairs	5,582,918	7,960,396	8,534,653

1/ Distribution is based on the formula of multiplying the number of handicapped children receiving special education and related services in each State by a specified percentage of the national average per pupil expenditure (ten percent for 1979, twenty percent for 1980 and thirty percent for 1981).

2/ Estimate of amount obligated. Obligations include the regular 1978 appropriation of $465,000,000, the supplemental appropriation of $37,800,000, and $63,230,073 which was carried forward from the fiscal year 1977 appropriation.

3/ Amounts shown are estimates. Actual child-count data on which final awards will be based will be available in April of the year of Appropriation, i.e., 3 months prior to when funds become available for obligation.

Education for the Handicapped

Handicapped Preschool Incentive Grant Program[1]

State or Outlying area	1978 Advance for 1979	1979 Advance for 1980	1980 Advance for 1981[2]
TOTAL	$15,000,000	$17,500,000	$15,000,000
Alabama	81,654	95,884	81,654
Alaska	18,170	21,332	18,170
Arizona	---	---	---
Arkansas	100,825	118,338	100,825
California	1,675,849	1,967,504	1,675,849
Colorado	147,381	173,030	147,381
Connecticut	233,812	184,355	233,812
Delaware	38,135	44,772	38,135
Florida	424,870	498,811	424,870
Georgia	292,818	343,778	292,818
Hawaii	25,124	29,497	25,124
Idaho	46,510	54,604	46,510
Illinois	1,382,899	1,607,661	1,382,899
Indiana	96,459	113,246	96,459
Iowa	299,846	352,030	299,846
Kansas	131,454	154,331	131,454
Kentucky	129,211	151,698	129,211
Louisiana	476,374	559,121	476,374
Maine	51,445	60,398	51,445
Maryland	67,596	79,360	57,596
Massachusetts	427,009	501,181	427,009
Michigan	980,744	1,151,427	980,744
Minnesota	432,646	507,942	432,646
Mississippi	79,411	93,231	79,411
Missouri	413,172	484,941	413,172
Montana	58,025	68,123	58,025
Nebraska	176,020	206,653	176,020
Nevada	54,137	63,558	54,137
New Hampshire	23,031	27,039	23,031
New Jersey	373,574	438,589	373,574
New Mexico	32,452	38,100	32,452
New York	383,370	450,089	383,370
North Carolina	351,067	412,164	351,067
North Dakota	43,220	50,741	43,220
Ohio	412,906	484,765	412,906
Oklahoma	241,971	284,082	241,971
Oregon	156,653	183,916	156,653
Pennsylvania	677,384	795,271	677,384
Rhode Island	68,942	80,940	68,942
South Carolina	365,274	428,844	365,274

State or Outlying area	1978 Advance for 1979	1979 Advance for 1980	1980 Advance for 1981 2/
South Dakota	$ 66,045	$ 77,517	$ 66,045
Tennessee	497,102	583,614	497,102
Texas	1,567,277	1,840,036	1,567,277
Utah	102,890	120,796	102,890
Vermont	53,987	63,383	53,987
Virginia	400,194	469,841	400,194
Washington	173,776	200,069	173,776
West Virginia	66,998	78,658	66,998
Wisconsin	346,132	406,370	346,132
Wyoming	37,686	44,245	37,686
District of Columbia	43,968	51,619	43,968
Puerto Rico	140,352	164,778	140,352
American Samoa	1,645	1,931	1,645
Northern Marianas	75	88	75
Guam	1,645	1,931	1,645
Virgin Islands	75	88	75
Trust Territory	15,104	17,733	15,104
B.I.A.	13,609	15,977	13,609

1/Distribution is based on the formula of multiplying the number of handicapped children aged 3 through 5 receiving special education in each State by $300. Grants are ratably reduced if the appropriated amount does not fully fund the program according to the formula.

2/Amounts are based on child counts used for prior year's distribution. Grant amounts will be adjusted when actual counts for school year 1979-80 are received.

WEDNESDAY, MARCH 28, 1979.

HIGHER AND CONTINUING EDUCATION

WITNESSES

JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ALFRED L. MOYE, DEPUTY COMMISSIONER FOR HIGHER AND CONTINUING EDUCATION

RICHARD J. ROWE, DIRECTOR, DIVISION OF TRAINING AND FACILITIES

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE

WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS

PETER RELIC, DEPUTY ASSISTANT SECRETARY FOR EDUCATION

EDWARD MEADOR, DIRECTOR, DIVISION OF INTERNATIONAL EDUCATION

THOMAS McANALLEN, CHIEF, ACADEMIC FACILITIES BRANCH, DIVISION OF TRAINING AND FACILITIES

HIGHER AND CONTINUING EDUCATION

Mr. NATCHER. We take up next Higher and Continuing Education. We have before the committee Dr. Alfred L. Moye, the Deputy Commissioner.

Dr. Moye, we are delighted to have you. Who do you have with you now at the table there to assist you in justifying this request?

Dr. MOYE. To the far left is Mr. Tom McAnallen, Chief of our Academic Facilities Branch, Mr. Dick Rowe, Director of the Division of Training and Facilities, Dr. John Ellis, the Executive Deputy Commissioner for Educational Programs, who will be making the opening statement, Ms. Cora Beebe, Director of the Division of Planning and Budgeting, Mr. Peter Relic, Deputy Assistant Secretary for Education, and Mr. Dingledein, Director of the Division of Budget Analysis.

Mr. NATCHER. It is a pleasure to have you appear before the committee again. With your permission, we will insert your statement in the record in its entirety. If you would briefly highlight the statement for us.

[The statement follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Biographical Sketch

NAME : John Ellis

POSITION : Executive Deputy Commissioner for Educational Programs

BIRTHPLACE AND DATE : Amherst, Ohio, September 15, 1929

EDUCATION :
B.S., Bowling Green State University, 1953
M.A., Case Western Reserve University, 1958
Teachers College, Columbia University, Summers 1959, 1960, 1965
Ed.D., Harvard University, 1964

EXPERIENCE :

Present	Executive Deputy Commissioner for Educational Programs, U.S. Office of Education
1971-1977	Superintendent of Schools, Columbus, Ohio
1966-1971	Superintendent of Schools, Lakewood, Ohio
1964-1966	Superintendent of Schools, Massillon, Ohio
1963-1964	Assistant Superintendent for Instruction, Massillon, Ohio
1961-1962	Staff member, Harvard Survey of Boston City Schools
1959-1961	Principal, Garfield Elementary School, Lorain, Ohio
1958-1959	Principal, Harrison Elementary School, Lorain, Ohio
1957-1958	Teacher, Grade 6, Lorain City Schools, Lorain, Ohio
1953-1954	Teacher, Grade 4, Lorain City Schools, Lorain, Ohio

MILITARY USAF 1947-1949 and 1954-57, Captain-Intelligence Officer

SELECTED RECOGNITION:
Air Force Association Silver Medal as Top Student in ROTC
Phi Delta Kappa Book Award at Harvard
Massillon Young Man of the Year
Saturday Review 1977 Honor Roll

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Executive Deputy Commissioner for Educational Programs

on

Higher and Continuing Education

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you to present our fiscal year 1980 Higher and Continuing appropriation request. *These programs are designed to complement our student assistance programs to promote equal educational opportunity and to foster reform in postsecondary education as well as strengthen the relationship between education and work. The 1980 proposed appropriation totals $349,080,000.

Expanding Access

To promote and expand access to postsecondary education, eight programs will be supported at a requested level of $160,380,000. Within this group of programs, several shifts in emphasis on strategy are proposed. Within the Special Programs for the Disadvantaged, two new initiatives addressing the dual needs of access and retention are proposed. Increased funding for Graduate/Professional Educational Opportunities is proposed, while a decreased appropriation is required to continue the current policy for Veterans' Cost of Instruction.

The five Special Programs for the Disadvantaged are proposed for funding at $130,000,000. In Upward Bound, we propose to fund new Special Emphasis projects focused on the physical sciences. These new projects will provide not only intensive academic training but also career guidance, counseling and extensive contact with practicing scientists from both industry and the academic community. We propose to fund 25 science-based projects as a first step toward preparing about 2,700 disadvantaged students for careers and postgraduate study in the physical sciences where they are still underrepresented.

In the Special Services Program, we propose to fund 34 New Concept projects based on a comprehensive delivery system designed to promote a high level of academic achievement and to provide intensive counseling and guidance to inform students of the full range of academic fields of study at both the undergraduate and graduate levels, particularly in science and mathematics and other areas in which minority and disadvantaged students are few in number. These projects, while similar to the traditional Special Services Program, differ in that they are more comprehensive in the services they offer and that they involve students from a variety of fields and departments.

In addition to funding these two initiatives, the 1980 request will continue to support the traditional TRIO programs: Talent Search, Upward Bound, Special Services, Educational Opportunity Centers, and Staff Training. These programs are designed to provide disadvantaged students with encouragement and assistance to enter and to successfully complete postsecondary education.

Complementing these efforts are two fellowship programs. The Graduate/Professional Educational Opportunities Program provides fellowship support to women and minorities to pursue studies in fields where they are underrepresented. This program will be available to assist those students whom we have been encouraging to seek professional careers by means of the Upward Bound and Special Services Programs. For fiscal year 1980, $15,000,000 is requested, an increase of $7,000,000. This will allow the number of fellows participating in this program to be doubled from the 1979 level of 850 to a total of 1,700 in fiscal year 1980. We are also proposing to continue the current funding level of $1,000,000 for Legal Training for the Disadvantaged which provides both fellowships to guarantee access and support activities designed to improve the retention of disadvantaged students training for the legal profession.

To assist colleges and universities to recruit Vietnam-era veterans and meet their special educational needs, we are requesting $14,380,000 for the Veterans' Cost of Instruction Program. This will maintain a constant level of support per eligible veteran. The reduction in funding, $4,620,000, from the 1979 appropriation is the result of a decline in the number of eligible veterans.

We believe that the above programs, along with the Federal student financial aid programs, will effectively provide access to postsecondary education for the disadvantaged and provide them with the encouragement, advice, academic preparation and financial resources they need to attain a high level of academic achievement and to enter the full range of career opportunities already available to more advantaged students.

Improving Educational Quality

In addition to providing supportive services and financial aid for disadvantaged students, we also believe it is essential that we help strengthen the educational quality of those institutions which traditionally enroll large numbers of low income and minority students. To more effectively meet this objective, we are now in the process of making a major change in the operation of the Strengthening Developing Institutions Program by combining the Basic and Advanced components of this program.

xxx
~~This change~~ [will permit institutions to develop grant proposals which reflect their needs both in terms of the number and complexity of activities to be funded and the length of time needed to fully implement the proposal projects. These projects can range from one-year planning grants to five-year grants for long-range development projects. This consolidation also makes better management possible through the use of a single application form; commonality in monitoring, evaluating, and reporting; and uniform program administration. The 1980 request of $120,000,000 continues full funding for this program. Approximately 300 institutions are expected to benefit from this program.]

Promoting National Priorities and Reform

The fiscal year 1980 budget includes requests for two programs which reflect innovation and change: Cooperative Education and International Education. As part of the Office of Education's effort to bring together the worlds of education and work, a major new thrust is proposed for the Cooperative Education Program. Over the past ten years, this program has supported projects designed to infuse cooperative education in specific departments or schools. Beginning in 1980, a new type of project, designed to offer cooperative education throughout an institution, will be supported. To test the feasibility of this type project, seven demonstration grants, averaging $1,000,000, will be awarded to large urban institutions. These grants, which will be expended over a three-year period, will make possible the installation of institution-wide cooperative education programs. These comprehensive programs will make cooperative education available to greatly increased numbers of students at these institutions; will greatly strengthen institutional commitment to cooperative education; will expand employer involvement and commitment;

and will foster close cooperation with high-school level cooperative education programs and with existing College Work-Study programs at these institutions. We are requesting appropriation language to allow up to $8,000,000 for demonstrations, research, and training.

The importance of improving and expanding opportunities for international education is embodied in this request. An increase of $2,000,000, for a total of $22,000,000, is proposed. For Title VI we will continue programs to support centers of international study, to encourage research, to provide fellowships for graduate study, and to improve programs of international study. The Cultural Understanding Program, initiated in fiscal year 1979, will be expanded by 50 percent in 1980. The purpose of this activity is to increase awareness and understanding of other cultures and peoples and of the international dimension of issues, such as energy, food, water resources and the environment among students at all levels as well as the general public. The new clientele addressed by this effort are so important that we are proposing a $1,000,000 increase for this program in 1980 despite the constraints of a very tight budget.

A further indication of the importance which we attached to international education is the $1,000,000 increase we are requesting in 1980 for the Fulbright-Hays Program which supports a variety of study and research projects abroad.

Uncontrollables

5X The 1980 budget also provides funding for two uncontrollable programs. The $2,700,000 permanent appropriation for the Aid to Land-Grant Colleges Program will continue to provide funds to support instruction in agriculture and the mechanic arts at 72 institutions. For Interest Subsidy Grants, $29,000,000 is requested in order to meet our statutory commitment to make continuation payments for interest subsidies on construction loans approved in prior years.

Summary

In conclusion, let me say that I believe that our fiscal year 1980 budget request responds to some of the most important issues in postsecondary education namely, 6x improvements of educational opportunity for the disadvantaged, development of the linkage between education and work, and increased understanding of other peoples and cultures and of transnational problems. The programs we are proposing to fund are mutually supportive and reflect a coherent strategy for improving both the accessibility and the quality of postsecondary education. Furthermore, this strategy has been developed within a framework of fiscal responsibility.

That concludes my opening statement.

Dr. ELLIS. Thank you very much, Mr. Chairman. I am delighted to be here again with your committee to present the comments on the Higher and Continuing Education budget. These programs are designed to complement our student assistant programs to promote equal educational opportunity and to foster reform in postsecondary education as well as strengthen the relationship between education and work. The 1980 proposed appropriation totals $349,080,000.

EXPANDING ACCESS

There are some shifts in emphasis we are proposing, and I would like to highlight them as you requested. There are 5 Special Programs for the Disadvantaged proposed for funding at $130 million. In Upward Bound we are proposing a special emphasis approach that will identify and encourage about 2,700 disadvantaged students to prepare for careers and postgraduate study in the physical sciences where they are still underrepresented.

Data show that minority students are dramatically underrepresented in the areas of engineering and physical sciences.

In Special Services, there will be what we call a New Concept program. We will initiate 34 projects which will serve approximately 8,000 students. This will be a more intensive effort to provide counseling, to increase academic performance and to prepare students for graduate level programs in science and mathematics where they are underrepresented.

In addition to funding these two initiatives, the request will continue to support the traditional TRIO programs: Talent Search, Upward Bound, Special Services, Educational Opportunity Centers, and Staff Training. The request includes small reductions in two of those programs: Upward Bound and Special Services.

To complement these efforts we have a fellowship program that we popularly call GPOP. There is an additional $7 million request here that will double the number of fellows participating from 850 in 1979 to 1,700 in 1980.

We are also proposing to continue the current funding level of $1,000,000 for Legal Training for the Disadvantaged which provides both fellowships to guarantee access and support activities designed to improve the retention of disadvantaged students training for the legal profession.

The request for the Veterans' Cost of Instruction Program is $14,380,000. The reduction is the result of a decline in the number of veterans enrolled in our universities. The same payment level per eligible veteran is anticipated.

IMPROVING EDUCATIONAL QUALITY

In addition to promoting access we are also concerned with strengthening the educational quality of institutions. One of the major programs here is title III, Strengthening Developing Institutions. We have made a number of changes in this program through our new regulations. We have combined the Basic Program and the Advanced Program. We think this will enable institutions to develop grant proposals which reflect their needs both in terms of the number and complexity of activities to be funded and the length of time needed to fully implement the proposal projects. These projects can range from 1-year planning grants to 5-year grants for long-range development projects. This consolidation also makes better management possible through the use of a single application form; commonality in monitoring, evaluating, and reporting; and uniform program administration. The 1980 request of $120,000,000 continues full funding for this program. Approximately 300 institutions are expected to benefit from this program.

PROMOTING NATIONAL PRIORITIES AND REFORM

In the area of promoting national priorities and reform, there are two programs I wish to discuss: Cooperative Education and International Education. For Cooperative Education, we are proposing some changes. We want to propose a major new thrust in Cooperative Education that will help institutions offer cooperative education throughout the institution. Only about 2 percent of the college student population participates in cooperative education at the present time although approximately 1,000 institutions have cooperative education programs. These programs are typically in a a single department or school in the university or college. We want to have some demonstration programs where the whole institution gets committed to cooperative education. It has been an outstanding program but it has been fragmented in small divisions. We think we can get a greater impact if we take this new, comprehensive approach.

For International Education, there is an increase of $2 million. The area centers program would continue as they have in the past. The Cultural Understanding Program (Section 603) will be expanded by 50 percent. The purpose of this program is to insure that elementary and secondary school people have access to some of the international programs.

For the most part, our international activities have been focused on higher education institutions, on professors and on research, and rightly so, because they need support. But we want to increase our efforts to involve elementary and secondary school students in international programs.

We are also requesting a $1 million increase for the Fulbright-Hays Program.

UNCONTROLLABLES

The 1980 budget also provides funding for two uncontrollable programs. The $2,700,000 permanent appropriation for the Aid to Land-Grant Colleges Program will continue to provide funds to support instruction in agriculture and the mechanic arts at 72 institutions. For Interest Subsidy Grants, $29,000,000 is requested in order to meet our statutory commitment to make continuation payments for interest subsidies on construction loans approved in prior years. We have proposed that some areas not be funded such as the 1202 Commissions and a few other programs. We believe that institutions and the States are able to continue those activities without Federal support.

SUMMARY

Mr. Chairman, in summary I would like to say that the budget we have before you this afternoon responds to what we believe to be some of the most important issues in postsecondary education: improvements of educational opportunity for the disadvantaged, development of the linkage between education and work, and increased understanding of other peoples and cultures and of transnational problems.

We believe that this budget request is both fiscally responsible and programmatically sound. We would be pleased to respond to your questions.

Mr. NATCHER. Thank you very much, Dr. Ellis.

The budget request for higher and continuing education programs is $349 million. As part of this request, there are 10 programs listed on pages 358 and 359 where decreases are proposed. Are these decreases based on evaluations that showed the programs to be inefficient and without merit?

EXPLANATION OF DECREASES

Dr. ELLIS. The reasons vary. I would be happy to go over each program, if you wish. Under the Special Programs for the Disadvantaged, I mentioned that we are going to have a new emphasis in Upward Bound, concentrating on preparation for scientific careers. That is due to our evaluation of data indicating the lack of preparation in these areas on the part of students entering our higher education institutions.

We believe that it is a solid program but this reduction of $5 million with the retargeted additional $5 million is an appropriate adjustment to make. Similarly in the New Concept Special Services that would hold true.

For the Veterans' Cost of Instruction Program, the reduction is solely due to the decline in the number of eligible veteran students.

We also have a proposed reduction for Educational Information Centers. Our reason for not requesting funding is primarily that the Educational Information Centers are duplicative. The same services are provided in other programs in our budget. The EICs are too new to have been evaluated but our judgment is that they are duplicative.

Regarding the reduction for the University Community Services and Continuing Education Program, we do not have an evaluation on that that forms a substantive basis for our decision, however, we do have reviews that indicate that the university communities have the capacity to continue to provide these activities without Federal support.

For State Postsecondary Education Commissions, we believe that comprehensive planning is a State, not a Federal responsibility.

No funds are requested for Public Service Grants and Fellowships since there appears to be an adequate supply of qualified candidates for positions in public service. We find that in our own agency when there are vacancies, there are enormous numbers of people who are willing to apply. We believe, given scarce Federal dollars, that it is no longer necessary to prime the pump to be sure that we have good students coming through our institutions who are willing to move into public service.

Mining today is a very promising career. Data show that the highest paid graduates of our colleges today are those students who have a degree in petroleum engineering. Recent data in "The Wall Street Journal" showed the starting salary was about $20,000 for a recent graduate. We also know that universities have had a 20 to 30 percent increase in enrollment in petroleum engineering in the last 4 or 5 years. We believe that given the attractiveness and financial rewards of mining careers that Federal funding is no longer needed to encourage students to enter these fields.

Law School Clinical experience was to have been a one-time appropriation to fund demonstration projects.

The other two reductions involve special endowments where further funding is not authorized.

That is a rapid run-through. If there are further questions, I will try to answer them. I have tried to be brief in my response about the various reasons for specific program reductions.

SPECIAL PROGRAMS FOR THE DISADVANTAGED

Mr. NATCHER. Dr. Ellis, for Special Programs for the disadvantaged the budget request is $130 million. What evidence do you have to show that these programs actually help disadvantaged young people obtain a college education?

Dr. ELLIS. Dr. Moye, would you like to speak to that?

Dr. MOYE. We have one very fine evaluation on the Upward Bound Program which shows that the overall postsecondary entry rate for former Upward Bound participants was greater by 20 percent than that of nonparticipants. A major evaluation of the Special Services Program is underway. It will examine the effect of the program on student performance, aspirations, and persistence.

Again based on our own reactions to the comments we have received from the field and the followup of the individual projects, we feel these programs have been very beneficial to the students they serve.

Ms. BEEBE. One of the comments we have gotten concerns the need to provide more comprehensive services throughout the university or college. We have a new focus in our program this year which we call New Concept Special Services. We are proposing to expand the services offered and to involve students from a variety of departments or fields. We are making this change as a result of our monitoring and evaluation activities.

EFFECT OF PROPOSED REDUCTION

Mr. NATCHER. Specifically, what effect will the proposed reduction of $10 million have on the disadvantaged students?

Dr. MOYE. We will be serving fewer students because of the reduction, but it is very difficult to determine precisely what effect that will have across the country. We think we will be able to serve many students quite well. Some of the projects will have to operate with fewer dollars. The other tradeoff would be to serve fewer students rather than alter the services provided. We think we will still be serving a significant portion of the students and serving them well.

Dr. ELLIS. If I may add, it will serve fewer students, as Dr. Moye has said. Some 27,763 fewer students, based on our projections, and probably about 123 fewer projects. We think, though, given the dramatic increase in funding that has occurred in the last two years, that this level of support is going to enable the strongest programs to be continued while some of the weaker programs will be dropped, so that the overall effect will not be substantial.

SPECIAL EMPHASIS UPWARD BOUND

Mr. NATCHER. All right. The budget refers to Special Emphasis Upward Bound projects. How will these projects differ from current projects that are underway at the present time?

Dr. ELLIS. The Special Emphasis Upward Bound projects will have as their primary focus the recruiting of students for scientific careers, so the major difference is in the area of interest for which we are trying to select students. We have currently in our society too few scientists and technicians who come from the minority groups. This new initiative is designed to identify and encourage disadvantaged students to pursue careers in the physical sciences.

We will go right into the high schools, probably sophomores, juniors and seniors and identify the students. There will be a summer school program for those students, teaching them math and science in the summer school and then we will encourage them and assist them in enrolling in colleges to pursue those scientific careers on the academic level in college. The difference is primarily one of emphasis on science. Conceptually, it is about the same as the standard Upward Bound Program.

Dr. MOYE. In the 1975-76 academic year there were 3,311 Ph. D.'s awarded in biology. Minorities received 2.4 percent or 82 out of that 3,000. Similar statistics are available for engineering, the health professions, math and the physical sciences. In the past 10 years we have had no real impact on the number of minorities who go into the sciences. We believe one of the primary reasons is that we have not identified the youngsters early enough and exposed them to these disciplines.

We think this program will do that.

Mr. NATCHER. Mr. Conte.

INTEREST SUBSIDY GRANTS PROGRAM

Mr. CONTE. Dr. Ellis, as you know, I have a great many colleges, both private and public, in my district, so I hear a lot from the academic community. One of the more pressing issues which seems to be facing our colleges today is the need to keep tuition costs at a level affordable to the average family while continuing to provide high-quality faculty and facilities.

As I'm sure you know, the accessibility issue raised by Section 504 has caused consternation in the financial offices of our colleges and has served to renew interest in the Title VII Academic Facilities Program. Additionally, in its report on the Higher Education Amendments of 1976, the Education and Labor Committee noted that while the majority of facility needs of our colleges have been met, there remain schools which have not overbuilt and which still need access to the grant and loan provisions of existing law to construction of essential academic facilities. Therefore I would like to spend a few minutes discussing the Academic Facilities Program.

First, Dr. Ellis, in your statement today you mention that $29 million is requested in fiscal year 1980 to meet prior commitments of the Interest Subsidy Grants Program. The budget justification for this program also states that this is the same amount as was requested in fiscal year 1979 and that the annual amount of subsidies should begin to decline in 1981 as the loans subject to interest subsidies are retired.

Do you have a projection, by year, of the amounts you will need for this program until all the subsidized loans will have been paid?

Mr. McAnallen. We do not have any specific projection on the $29 million, but very shortly we will have it on computer and we will be able to scale it out over the years. I can say that it will diminish on a fairly regular basis for about the next 40 years. It will be the year 2020 before the last interest subsidy payment is made on the current loans that are approved for subsidy. I would say that it would begin to decline probably beginning in 1981.

Mr. Conte. Provide some of that for the record.

Mr. McAnallen. We will have exact projections.

[The information follows:]

Higher Education Construction
Interest Subsidy Grants

Higher Education Act, Title VII-C, Section 745

Projection of Outlays Required to Meet Annual Subsidy Commitments on Previously Approved Projects

Year	($ Millions)
1979	$ 29.0
1980	29.0
1981	28.5
1982	27.5
1983	26.0
1984	25.0
1985	24.0
1986	23.5
1987	23.0
1988	22.5
1989	22.5
1990	22.0
1991	21.0
1992	20.0
1993	19.0
1994	18.5
1995	18.0
1996	17.5
1997	16.5
1998	15.5
1999	14.0
2000	13.0
2001	10.5
2002	9.0
2003	6.0
2004	4.5
2005	3.5
2006	2.5
2007	1.5
2008	$ 1.5
2009	1.5
2010	1.0
2011	1.0
2012	1.0
2013	1.0
2014	1.0
2015	.5
2016	.5
2017	.5
2018	.2
2019	.2
2020	0
Total	$522.9

Note: The above represents a best estimate of the annual outlay requirements for interest subsidy payments. Because of loan refinancings, and the fact that subsidy payments on approximately 60 loans have not yet commenced, the precise amount and term of all subsidy commitments is not yet known. Therefore, actual outlays by year may vary considerably from the above projections.

REMOVAL OF ARCHITECTURAL BARRIERS STUDY

Dr. Ellis. I do not know if you raised this question but you alluded to it, the whole 504 issue. We do not at this time have a recommendation on the dollars for a new program. In our last budget we had a $50 million request. Later as we worked with the Congress it was determined that it should not be funded pending the receipt of a systematic study that would enable us to know how many dollars really might be required and what we might be getting into. Those studies are not yet available, so we do not have a request at this time.

Mr. Conte. I am familiar with that. I carried your battle on the floor of the House.

Mr. McAnallen. I know you did.

Mr. Conte. You were not here but I mentioned earlier my good friend to the right, Mr. O'Brien, tried to pump that up considerably, and we fought it off saying we were waiting for that study. We are waiting for that study and we will be glad to cooperate once it comes in.

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

With regard to the Higher Education Facilities Loan and Insurance Fund, which is another subsection of Title VII, would you tell us, please, what is the present unobligated balance in this fund.

Mr. McAnallen. Yes. Mr. Conte, the projected unobligated balance as of October 1, 1979, would be about $52 million. By the end of 1980 it is projected the balance would be about $45 million.

Mr. Conte. Do you have a projection by year of the use and balance of this fund?

Mr. McAnallen. Only for the budget year—our interest obligations to Treasury and the Government National Mortgage Association.

CONSTRUCTION NEEDS

Mr. Conte. Other than the Department's ongoing study of the accessibility cost issue, are you aware of any recent studies which indicate to what extent colleges and universities need financial assistance in the construction of new academic facilities?

Dr. Ellis. There is no overall study. Several institutions have submitted data to us which indicate that additional facilities are required. The primary concern is with accessibility, with the barrier question. We just do not yet have data that will enable us to speak with clarity and with specificity on the amount. We have heard some astronomical sums and some conservative ones also. Other than individual studies, we do not have an overall study that would indicate the need for new academic facilities at this time.

Mr. Conte. Recognizing that incurrence of new debt by a college for the construction or modification of academic facilities impacts on the tuition that must be charged and that it is very expensive for colleges to borrow money at present interest rates, what would be your reaction to a suggestion that the principal portion of loans now being repaid to the loan fund be used for interest subsidy grants?

Dr. ELLIS. These would be additional grants to colleges for new construction.

Mr. CONTE. Right.

Dr. ELLIS. Our position at this time would be opposed to that. In the scope of the whole budget we believe that entering into construction at this time without a more thorough study about the potential would be inappropriate.

Dr. MOYE. We would like to study a bit more what would be the needs in outlying territories such as Puerto Rico and Guam, where the influx of students today is similar to the influx of students in the 1960s on the mainland. It may be their circumstances are quite different from those on the mainland.

Mr. CONTE. I am disappointed to hear you say that, Dr. Ellis. I am one of your great supporters up here. A university gets into a jam trying to stay accredited, to stay on top and be a leading university. They get into a problem where they have to build a library or expand one. They are up against it and they do not have a big endowment fund.

I sit on the Foreign Aid Committee. My good friend from Kentucky was smart enough to get off. We have all kinds of programs for foreign countries all over the world, five, six billion dollars, forgiveness periods. On top of everything else, we are going to have a $2.2 billion loan to Israel, 30 years, first 10 years only the interest payment; $1.4 billion to Egypt, 30 years, first 10 no principal payments. We are doing that all over the world. Here we try to maintain a high standard of education. Some of these schools are really up against it. You know they are.

Dr. ELLIS. I know they are.

Mr. CONTE. They cannot go to the legislature and ask for more money.

FISCAL RESTRAINTS

Dr. ELLIS. I am sorry about your disappointment. Our dilemma is fiscal primarily but also we are in the process of considering what should be the reauthorization proposals of the administration. I am certain you will be interested in hearing them. We have not yet sent them to Congress. But we recognize that higher education is facing an enormous set of difficulties. 1980 is the first year presumably that the enrollment decline will hit the colleges. They are in a fiscal crunch. What has been the Federal posture with respect to institutions that are in serious difficulty or institutions in general that are experiencing problems—this is an issue we are debating.

I should add we have been reluctant to get into the facilities side because for the most part we do not need more buildings; we need some modernized, we need barriers removed, but the overall problem is not to construct new buildings. We seem to have enough, and it may be that a number of them will have to be closed. The issue is being raised in the context of the reauthorization.

Mr. CONTE. I do not want to debate the issue with you, but I am inclined to agree we do not need new buildings but there will be cases where you need them.

Dr. ELLIS. That is true.

Mr. **Conte**. In those areas, then, they are going to have to build them.

One final question, Mr. Chairman, and then I will submit the rest for the record.

COLLEGE HOUSING LOAN FUND

It has been suggested by Charles Saunders of the American Council on Education, among others, that the College Housing Loan Fund be consolidated into the Title VII Academic Facilities Program. It is my understanding that there is a $3 billion outstanding loan balance in the College Housing Program. If the necessary legislative changes were made, I am wondering whether this fund could be used, as loans are being repaid annually, to support interest subsidy grants for academic facilities. Do you have any thoughts on this?

Dr. **Ellis**. It is a HUD program. Dr. Moye may wish to comment.

Dr. **Moye**. Mr. McAnallen is quite familiar with the program and may wish to comment.

Mr. **McAnallen**. Let me first of all make a clarification because a couple times we have referred to using money in HUD loan funds for interest subsidy grants. The Interest Subsidy Grants Program is a separate program. It is a separate appropriation from the loan fund.

Mr. **Conte**. Right.

Mr. **McAnallen**. If appropriate legislation was enacted to merge the College Housing Program with Title VII, presumably funds recovered under the HUD loan program could be used for any kind of facility.

Mr. **Conte**. What do you think of that idea?

Mr. **McAnallen**. Quite frankly, you hit me cold. I have not had a chance to think about it.

Mr. **Conte**. Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Stokes.

NEW INITIATIVES IN TRIO

Mr. **Stokes**. Thank you, Mr. Chairman.

Dr. Moye, I am concerned about the 34 New Concept Special Services projects mentioned in your testimony and how these projects will address the problem of too few minority students in the sciences. How will this new program impact upon minorities?

Dr. **Moye**. I believe that one reason why more minority students are not pursuing science is because their exposure to science has been minimal, if they are exposed at all. They are not exposed to science in the home or at the elementary and secondary level. When they do get exposed we have been told that often the quality of teaching is so poor that it turns off students instead of turning them on. We think this program will begin to show students the excitement of science, give them some exposure, and some basic understanding of science. We believe that a natural choice will develop as a result of that introduction and preparation.

As I indicated previously, only 2.4 percent of the Ph. D.'s in biology went to minority students. That happens to be a total of 82 throughout the whole country. I believe the problem that has existed up to this point is not that minority students are unable to do it, but that they have been turned off by the system to the extent they believe they cannot do it. The ability is there but the confidence is lacking.

Mr. **Stokes**. In light of that concern, about attracting minorities into the sciences, I find it difficult to understand why you have not demonstrated the same commitment for the TRIO programs.

Dr. **Moye**. We are indeed beginning to do that. We will be asking all the TRIO projects to place more emphasis on science. Exposing students to science in the TRIO programs will help us identify students who have a particular aptitude or interest. They are the ones we will put into the special emphasis programs, but we hope to have all the TRIO programs begin to focus more on science because that seems to be the greatest academic need right now for minority students.

COMMITMENT TO SERVE THE DISADVANTAGED

Mr. **Stokes**. Again, I am having some difficulty understanding the Administration's real commitment. Last year you did not ask us for any additional funding in that area. The money that was put in there was by virtue of an amendment. I sponsored the bill which this subcommittee accepted. Over the past 4 or 5 years, this subcommittee has raised the TRIO funding from $70 million up to $140 million. In this year, you request a decrease in the budget for TRIO, $10 million less than last year.

Let me cite to you last year's testimony by Dr. Spearman: "We estimate that between five and six million young people participate in the TRIO program but only about 7 percent are being served." We also know that these programs have been cited as being very cost effective. Your budget request for TRIO just doesn't seem to square with the need for this program.

Ms. **Beebe**. Mr. Stokes, this decrease is not intended to reflect our lack of interest in the commitment to these programs. The request does reflect a $15 million increase over our request of last year.

In addition, there are a number of initiatives that we are taking which also serve disadvantaged students where increases are proposed. For example, there is a significant increase in our Graduate and Professional Educational Opportunities Program which aids minorities and women in pursuing their graduate and professional education. We are proposing to initiate a brand new program which is called the Biomedical Sciences Program, which was just authorized in the 1978 amendments, and we have expanded activities under our student aid program to publish and make aware to all students the availability of student resources.

So while we are not making all the budget increases that one might like under a more favorable time, we still believe our commitment is there.

EXPLANATION OF PROPOSED DECREASE

Mr. **Stokes**. Seceretary Califano testified a few weeks ago. Dr. Berry testified this past Friday. I asked her and I asked him about the $10 million decrease. The rationale they gave me for the decrease was the fact that few minority students are now applying to medical schools as a result of the Bakke decision. Would you comment upon that?

Ms. Beebe. While that might be true, that is not our rationale for proposing to decrease this program in any way. As a matter of fact, our very heavy emphasis in the sciences is in fact a recognition that we need to broaden the awareness of minority students to the various science careers that are available.

Dr. Ellis. I think it can best be characterized as a refocusing of some dollars. I know if you look at one account there is a $10 million reduction, but we have the Graduate and Professional Educational Opportunities Program, where there is an increase of $7 million, and the Biomedical Science request for $3 million, so there is not an overall reduction. It is a refocusing. I do not think anything in our testimony should be interpreted as suggesting that these are enough dollars or that the needs are not significant.

There are substantial needs and we are not meeting all the needs. But there is a fiscal crunch and we are called upon to do our best to focus the program as sharply as possible to get the maximum amount for the taxpayer's money and yet deliver the services to the people that need them most. We think the $7 million increase for the Graduate and Professional Educational Opportunities Program and the $3 million request for the Biomedical Sciences Program will serve the same clientele in a more focused way.

REQUEST OF MATERIALS FOR THE RECORD

Mr. Stokes. Please submit for the record a comparison of the available funding, the number of applications and the requested funding for each of the TRIO programs: Upward Bound, Talent Search, and Special Services.

[The information follows:]

SPECIAL PROGRAMS FUNDING INFORMATION
ESTIMATES FOR FY 1979

PROGRAM	APPLICATIONS RECEIVED	FUNDS REQUESTED	REVISED ESTIMATE PROJECTS TO BE FUNDED	REVISED ESTIMATE PROJECTED FUNDING
Educational Opportunity Centers				
New	51	$10,756,287	9	$ 2,800,000
Non-competing	22	6,300,339	22	5,500,000
TOTAL	73	17,056,626	31	8,300,000
Special Services				
New	241	26,540,822	65	6,800,000
Non-competing	486	57,482,131	486	48,200,000
TOTAL	727	84,022,953	551	55,000,000
Talent Search				
New	90	9,796,183	25	2,000,000
Non-competing	131	15,437,199	131	13,300,000
TOTAL	221	25,233,382	156	15,300,000
Upward Bound				
New	113	18,012,852	35	5,400,000
Non-competing	378	61,237,009	378	53,600,000
TOTAL	491	79,249,861	413	59,000,000
ALL PROGRAMS COMBINED (Less Training)				
New	495	65,106,144	134	17,000,000
Non-competing	1,017	140,456,678	1,017	120,600,000
TOTAL	1,512	205,562,822	1,151	137,600,000
TRAINING				2,400,000
GRAND TOTAL				$140,000,000

Mr. Stokes. I would also like you to submit for the record how many applications were received last year for the Graduate and Professional Educational Opportunities Program.

[The information follows:]

Graduate and Professional Educational Opportunities Program

A total of 215 applications from institutions were received by the Graduate and Professional Educational Opportunities Program for the fiscal year 1979 funding cycle.

EDUCATIONAL INFORMATION CENTERS

Mr. Stokes. Dr. Ellis, I notice you requested zero funding for the Educational Information Centers. That is a $3 million decrease. I would like you to supply for the record a listing of the funds that each State received under this program in 1979.

[The information follows:]

FY 1978 ALLOTMENTS TO STATES FOR EDUCATIONAL INFORMATION CENTERS

	FEDERAL SHARE 1/	NON-FEDERAL MATCHING
Alabama	---	---
Alaska	45,454	45,395
Arizona	45,454	62,508
Arkansas	45,454	22,727
California	45,454	22,727
Colorado	45,454	22,727
Connecticut	45,454	22,727
Delaware	45,454	23,000
District of Columbia	45,454	32,280
Florida	45,454	22,727
Georgia	---	---
Hawaii	45,454	31,557
Idaho	---	---
Illinois	45,454	22,727
Indiana	45,454	22,727
Iowa	45,454	22,727
Kansas	---	---
Kentucky	45,454	22,727
Louisiana	45,454	22,727
Maine	---	---
Maryland	45,454	24,516
Massachusetts	45,454	23,061
Michigan	45,454	23,000
Minnesota	45,454	22,729
Mississippi	45,454	22,727
Missouri	---	---
Montana	45,454	28,284
Nebraska	45,454	22,727
Nevada	---	---
New Hampshire	45,454	23,839
New Jersey	45,454	63,891
New Mexico	45,454	24,829
New York	45,454	22,727
North Carolina	45,454	22,727
North Dakota	45,454	22,923
Ohio	45,454	34,412
Oklahoma	45,454	25,000
Oregon	45,454	22,727
Pennsylvania	45,454	32,220
Rhode Island	45,454	22,727
South Carolina	45,454	22,727
South Dakota	45,454	22,979
Tennessee	45,454	23,480
Texas	45,454	22,737
Utah	45,454	22,727

FY 1978 ALLOTMENTS TO STATES FOR EDUCATIONAL INFORMATION CENTERS

(continued)

	FEDERAL SHARE	NON-FEDERAL MATCHING
Vermont	$45,454	$25,350
Virginia	45,454	22,727
Washington	45,454	22,727
West Virginia	38,306	19,268
Wisconsin	45,454	25,000
Wyoming	45,454	23,220
TOTALS	$1,992,828	$1,159,958

1/ Of the total $2,000,000 appropriated in 1978, $1,992,828 was obligated. Of the 44 jurisdictions which submitted approved plans, 43 received $45,454 each. West Virginia received $38,306, which was the total amount it was eligible to receive based on its proposed one-third match.

ESTIMATED FY 1979 ALLOTMENTS TO STATES FOR EDUCATIONAL INFORMATION CENTERS
(Assuming Participation by All States)

	Estimates State Amounts 1/
U.S. and Areas	$3,000,000
50 States, D.C. and P.R.	2,750,000
Alabama	50,000
Alaska	50,000
Arizona	50,000
Arkansas	50,000
California	114,068
Colorado	50,000
Connecticut	50,000
Delaware	50,000
Florida	50,000
Georgia	50,000
Hawaii	50,000
Idaho	50,000
Illinois	58,516
Indiana	50,000
Iowa	50,000
Kansas	50,000
Kentucky	50,000
Louisiana	50,000
Maine	50,000
Maryland	50,000
Massachusetts	50,000
Michigan	50,000
Minnesota	50,000
Mississippi	50,000
Missouri	50,000
Montana	50,000
Nebraska	50,000
Nevada	50,000
New Hampshire	50,000
New Jersey	50,000
New Mexico	50,000
New York	93,455
North Carolina	50,000
North Dakota	50,000
Ohio	55,744
Oklahoma	50,000
Oregon	50,000
Pennsylvania	61,477

ESTIMATED FY 1979 ALLOTMENTS TO STATES FOR EDUCATIONAL INFORMATION CENTERS
(Assuming Participation By All States)
(Continued)

	Estimates State Amounts
Rhode Island	$ 50,000
South Carolina	50,000
South Dakota	50,000
Tennessee	66,740
Texas	50,000
Utah	50,000
Vermont	50,000
Virginia	50,000
Washington	50,000
West Virginia	50,000
Wisconsin	50,000
Wyoming	50,000
District of Columbia	50,000
Puerto Rico	50,000
American Samoa	50,000
Northern Marianas	50,000
Guam	50,000
Virgin Islands	50,000
Trust Territory	50,000

1/ Estimated distribution of $3,000,000 to the 50 States and the District of Columbia based on population data as of 7/1/77 and to Puerto Rico and the outlying territories based on population data as of 7/1/76, with no State receiving less than the minimum amount of $50,000.

Mr. **Stokes**. In the budget justification, it is indicated that the rationale for eliminating funding for the Educational Information Centers is that similar services are provided elsewhere, such as in the TRIO programs. If that is the justification, hasn't this been the case in previous years?

Ms. **Beebe**. It has been, yes. In addition, funds are also available under our student assistance programs. New regulations and expanded authority require that additional tasks be undertaken to alert students to the availability of student aid resources. So it is not only within the TRIO programs that these services are provided, but our general student assistance programs as well.

Dr. **Ellis**. Also funds are provided for the National Occupational Information Coordinating Committee and the State Occupational Information Coordinating Council through the Labor Department. Forty-four States received monies last year. Primarily, the request deals with the need to have programs that do not duplicate. It is a concern for efficiency. It is a concern that we have a system that is not duplicative and unnecessary. It is a judgment call, obviously. We think that the services that will be provided under other legislation are sufficient with proper targeting to handle this issue without having this additional lay-on of services.

Ms. **Beebe**. We are undertaking a new program to train student financial aid officers under our Basic Educational Opportunity Grants Program, and through that activity we will be encouraging outreach activities. Our proposal then before you is consistent with that of the last three years in which we have not requested funding for this program.

EFFECTIVENESS OF PROGRAM

Mr. **Stokes**. Have we really given these educational centers an opportunity to work?

Dr. **Ellis**. They have not existed very long. For the most part, the States do not get very much money. For example, in 1978 about $45,000 went to each participating State. If you ask what can you do with $45,000 to really get an educational information center together that will provide services to people, you realize that you have one or two persons in an office and it just does not provide much of an impact. One of the difficulties has been that it is a small service, it duplicates other services, and we think there is a better way to target on this problem than in funding through this particular program.

The reports we have are varied. Some of the States are trying to get an information service together to try to put their pieces together. So it is a mixed picture.

Dr. **Moye**. The States do match our monies. It gets parlayed into a larger dollar figure but the success depends on the population of the State and the degree of its commitment. Nevada has done some very wonderful things with this program. Matching with their own money they have pulled together various components of State programs and have been quite successful in coordinating information for the State. But I stress here again you are talking about a State with a small population. A more populous State could probably not accomplish as much with only $45,000.

Mr. **Stokes**. Thank you.

Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Roybal.

Mr. **Roybal**. Thank you, Mr. Chairman.

OTHER PROGRAMS THAT SERVE THE DISADVANTAGED

I would like to perhaps go over the same territory, but nevertheless it is of great concern to many of us. That is the reason why I would like to go over this once again.

In the reduction of Special Programs for the Disadvantaged, you repeatedly state that other programs will substitute for the reduction of $10 million in the overall program. In the justifications I see your estimated number of participants is actually reduced for 1980. In fact, if one adds up Special Emphasis Upward Bound, I see a reduction of something like 5,000 fewer students participating in Upward Bound. I would like to know, number one, what other programs substitute for the $10 million.

Dr. **Moye**. One of the programs that would substitute for Upward Bound would be the Biomedical Sciences Program. It will reach down into the precollege years and serve some of the same population served under Upward Bound.

Mr. **Roybal**. But Upward Bound is not solely for people going into the medical field?

Dr. **Moye**. It is not solely for that, no, but those students, for example, who would be going into the medical field would be served by that program.

Mr. **Roybal**. So that is one benefit that can come out of this?

Dr. **Moye**. Yes.

Mr. **Roybal**. But only the very small percentge of disadvantaged students would be going into the medical field based on the statement you have made that there have not been enough incentives available, particularly at the junior high and high school levels. I know they are not encouraged to follow that route, nor given the proper training for it, so I look at this as perhaps an opportunity for some, but this is not directed at the core of the problem.

Ms. **Beebe**. Mr. Roybal, our new Biomedical Sciences Program is directed solely at the disadvantaged youth, so the population is the same.

NUMBERS OF STUDENTS SERVED

Mr. **Roybal**. I understand that. Again on Special Services for the Disadvantaged, you show a reduction of something like 30,000 students. Am I correct in using that figure and, if so, what other program will meet the need for these students?

Ms. **Beebe**. The data I have indicate a reduction of 27,763 students.

Mr. **Roybal**. That is bad enough, is it not?

Ms. **Beebe**. Yes, sir. It is a significant reduction, and reductions are always difficult to explain in positive terms. But when we have had a major expansion of dollars in this field and in a tough budget crunch, it is believed that a retargeting of some dollars for biomedical sciences will probably be more sharply focused on the needs.

FORMULATION OF THE BUDGET

Mr. **Roybal**. When your budgets are being prepared for the coming months, great emphasis was on so-called budget constraints. That is the reason there are all these reductions. Why does it only seem to affect just the minorities and disadvantaged and others who are in great need? Isn't there somewhere else where budget restraints could be used? Have you really gone into the problem sufficiently?

Dr. **Ellis**. That is a primary answer, but I believe that we also have to say that almost all of the programs in the Office of Education are directed to the educationally disadvantaged or the economically disadvantaged, so almost any cut that we propose will have an impact on that population.

Mr. **Roybal**. But there are some programs that are more in need than others. Did you just make it a blanket across-the-board reduction because of budgetary constraints, or was it actually analyzed, and after analysis, you came to a conclusion that certain things would be reduced more than others?

Dr. **Ellis**. I think that we did a very thorough analysis. We have what we call a zero-based budgeting process in which we were forced to deal with every single program and go through an elaborate analysis. We met with the program people and Dr. Boyer, the Commissioner of Education, had several long budget sessions where we argued far into the night. I can assure you it was only with agony that we proposed any reductions.

PRIORITIES IN THE 1980 BUDGET

If you look at the chart to my left, you can see several major groupings of funds. The first one is: improved educational quality for disadvantaged students. That is our number one priority. That is an area to which we have given enormous attention. You can see in the Title I program there is an increase of $142 million. In the area of the handicapped there is an increase of $51 million. For bilingual education there is an increase of $15 million. In the area of Indian education, there is an increase of $5 million.

A second major overriding concern is to promote school desegregation. It has been 25 years since *Brown* vs. *Board of Education*. We believe there are still some areas that need our attention, and we are proposing a $22 million increase in that category.

A third priority is to expand access to postsecondary education. Congress passed the very generous Middle-Income Student Assistance Act which provided a major increase in funding this past year. The reductions proposed for student financial assistance do not represent a reduction of services to people but rather our estimate of the number of people who will take advantage of these programs. It is a computational adjustment; it is not an actual reduction in services.

Next comes the promotion of national priorities, where there is an increase for Basic Skills, a small increase for International Education, some special programs on health, womens' equity and youth employment.

In formulating the budget we were working against a ceiling, and there are always hard tradeoffs. I can assure you this budget was not just an across-the-board or a happenstance approach to the process. It was very agonizing. We wish there were more money for almost every program, but that is just not in the cards in this economic climate.

Mr. **Roybal**. That is what I wanted you to say for the record. Because when one sits here and one sometimes is not listening to every word, we do get that phrase, "budgetary constraint," and one goes away with the idea that everything is done because of budgetary constraints. I think you must include in the record the fact that you have gone over these subject matters, you have studied them carefully, and after careful analysis you have come to this conclusion.

What I like most about your statement is that it was a hard thing to do, that you realize these problems still exist, and, that since you do not have the funds, it was a heart-breaking task for you, and your staff, to come to the conclusion that you finally arrived at.

Mr. **Dingeldein**. What Dr. Ellis is saying is that after that agonizing process the budget still does a lot for the poor and minorities. When you really look at where the major reductions are taken, they are taken in programs of general support, particularly in Impact Aid Programs. When you look at the disadvantaged kids and the kids in desegregating school districts there are actually budget increases, so that the budget, despite constraints, is targeting increases and maintaining services to the poor and disadvantaged.

In the case of the TRIO program, as has been indicated, it is a matter of targeting. When I look at the total picture there, there are reductions in some programs, but increases in others as well.

GRADUATE AND PROFESSIONAL EDUCATIONAL OPPORTUNITIES PROGRAM

Mr. **Roybal**. One thing more. You argue that for 1980 the Graduate and Professional Educational Opportunities Program will fill the gap left by eliminating Public Service Fellowships. It has been eliminated altogether. How much of the monies allocated for Graduate and Professional Educational Opportunities Program will be devoted to public service?

Dr. **Moye**. We do not have funds earmarked, but those individuals who qualify for the Graduate and Professional Educational Opportunities Program may pursue studies in public service.

Mr. **Roybal**. They can. So that gives them a kind of double shot into the system?

Dr. **Moye**. Not if we eliminate the funding for public service.

Mr. **Roybal**. So they still have that one opportunity. It has not been eliminated completely?

Dr. **Moye**. Yes.

Dr. **Ellis**. In the last set of awards there are 59 awards in the field of engineering. There were 6 in public service, 6 in public health, so they are not excluded. But that is not where the funds are targeted.

Mr. **Roybal**. I am glad to know they are not excluded.

Dr. **Ellis**. Those are programs, not people.

Mr. **Roybal**. I understand.

Ms. **Beebe**. An interesting piece of evaluation data we had some years ago for training people for the education professions area in general, showed that students who graduated from those programs and then had a hard time finding jobs because they were surplus wrote to us asking "Why did you encourge us to enter these fields knowing there were no jobs?"

In the case of public service, all of our data indicate there really is, in general, a surplus of individuals to fill those jobs, and we feel it is not responsible Federal management to encourage people to enter fields where jobs are not relatively available.

Mr. **Roybal**. Thank you, Mr. Chairman.

Mr. **Natcher**. Mr. Pursell.

DECLINE IN COLLEGE ENROLLMENTS

Mr. **Pursell**. I was looking at State figures at the University of Michigan regarding the number of enrollments in 1969–70. We are working with the same number of students today as we were 10 years ago in Michigan, with declining enrollments, yet to come to impact on education. I was interested in your comment about the needs may be changing, and rather than looking at construction and expansion, what are you suggesting we might be headed for?

Dr. **Moye**. I was not crystal-balling it, but I would not predict Michigan would necessarily stay at the same enrollment level because we may find, for example, a shift in the age group enrolling. Instead of students being 18 through 22, the average age may be going up, and there may be more part-time students. The community colleges are now serving older students, and, in part because of that, there are more people in community colleges. The schools are actively recruiting and trying to serve older Americans and persons returning to education who have been out of education for awhile. The shift is taking place and I believe it will continue.

Mr. **Pursell**. We see more part time?

Dr. **Moye**. Yes, and older students, including returning houswives. There will also be more educational opportunities for those who have been previously bypassed, such as the handicapped. I think those will be some of the trends in the future.

Ms. **Beebe**. The last time I looked at the Michigan statistics, the community colleges were growing but the major 4-year institutions were suffering some declines.

Mr. **Pursell**. If we talk very honestly about helping disadvantaged, it seems to be the advent of the community college has a greater potential impact in that area. I do not want to get into the debate of academic standards, but certainly community involvement activity in our 29 community colleges in our State, and I suppose for the rest of the country, in community colleges we ought to be looking at our academic standards and how we might help in that area. It is not necessarily higher education at the baccalaureate or graduate level.

Dr. **Moye**. We have seen some statistics which suggest that in 1981 about 80 percent of Hispanic students in higher education will be in community colleges. The same may be true for the Native American students. The community colleges will serve those populations very well, and we know currently that large percentages of our black students are attending community colleges. Community colleges have been a great success story. We are vitally concerned in this agency with how we can serve the community colleges.

NEW RECRUITMENT PATTERNS

Dr. Ellis. There is an old saying that it is an ill wind that blows no one any good. Something that is going to happen because of the demographic trend is that colleges across the country are going to double and triple their recruiting efforts. They will be forced to. Many of them already have. When you go out and recruit, you have to recruit in those segments of society where you have not previously been getting customers. So colleges are going to recruit older persons, the disadvantaged, and the historically bypassed. So a large number of students who do not now attend college are going to be in that recruiting mix.

With our student financial assistance programs which in effect, say, if you want to go to college there is either a grant or a loan available, and with the intense desire on the part of the colleges to stay in business, I believe that you are going to see the disadvantaged student helped by this process.

COMMUNITY COLLEGES

Mr. Pursell. We have 8 departments of education in our particular State, different universities, and yet they are unwilling to work with the community colleges. The autonomy of academic freedom is an extremely important concept, from my personal standpoint, yet the autonomy of those in the big universities—and I represent one of the big ones, University of Michigan—is totally inflexible towards working out cooperative programs with community colleges and assuring the kinds of needs that you are suggesting here. It seems we are in a real blockout to try to prevent proliferation of programs, yet move to provide needs that are essential to this country. I guess we really have not come to grips with that issue as a national policy.

Dr. Ellis. It is said we need the fourth R, and the fourth R is Relationships. We have to be building more relationships instead of remaining in isolation. It is incredibly difficult for all agencies in the Federal bureaucracy and in academia to get the deans from the various departments—to talk to each other. It is almost built into our thinking, but the economics, I believe, are going to drive the relationships idea much more fiercely than we have seen in the past.

Mr. Pursell. We ought to be taking a look at community colleges and the impact on the disadvantaged in higher education too, but I think in all fairness community colleges have now had a level of discussions at the national level—certainly in funding policies most universities are funded 100 percent—where the small community colleges have to rely on property tax and elections. Frankly, community colleges are far ahead of our national policy, I guess I might say.

Dr. Ellis. Yes.

Mr. Pursell. In some of their delivery of services for people.

Dr. **Ellis**. The community colleges are the most innovative segment of higher education. They are the most responsive.

Mr. **Pursell**. I am just trying to point up I do not see a lot of that in our testimony from various HEW people.

Mr. **Natcher**. Mr. Early.

OE PROPOSALS FOR INCREASES

Mr. **Early**. You say plus $142 million in Title I to Mr. Roybal. If you were showing percentages instead, would it show as an increase or a decrease? Would you say there is an increase?

Dr. **Ellis**. There is about a 4.5 percent increase.

Mr. **Early**. That is less than inflation.

Dr. **Ellis**. That is true.

Mr. **Early**. But the chart with the plus $142 million gives me the impression that you are doing more. If you were taking the other stand, you would use a percentage. You would say, "Gentlemen, that is only 4 percent." The inflation rate is higher than that, so we are really decreasing. But to Mr. Roybal you are suggesting that we are doing more.

Mr. **Dingeldein**. If you look at where the $142 million increase is, it is in a particular program that concentrates funds on selected districts. For that program the increase is around 25 percent.

Mr. **Early**. Where does it increase 25 percent?

Mr. **Dingeldein**. There is a special Concentration Grant Program under Title I of the Elementary and Secondary Act. The funds requested for that program in 1979 were $258 million.

Mr. **Early**. I thought earlier testimony said that was not for the disadvantaged?

Mr. **Dingeldein**. No, that is for the disadvantaged. So the $142 million is in addition to the $258 million.

Dr. **Ellis**. May I clarify? The data that we show do not deal with percentages, they deal only with dollars. The asterisk, that you may not be able to read, says included in the 1979 level is the assumption that the Congress will approve our supplemental request.

Mr. **Early**. I was just thinking it would be much more impressive if you just came in and said, "Last year we educated X number of the disadvantaged and this year we educated so many more."

RETENTION OF DISADVANTAGED STUDENTS

In the Special Programs for the Disadvantaged, we have all outreach programs. What is happening as far as retaining them after they finish in the programs?

Dr. **Moye**. The Special Services for Disadvantaged Students is a campus-based retention program. Those services in the past have primarily focused on the early years.

Mr. **Early**. Shouldn't we be more concerned with the graduating youngsters?

Dr. **Moye**. That is precisely the reason why you see a separate category for New Concept Special Services, because here we are trying to follow the student throughout his or her academic career and to focus more on the completion of the academic program than we have in the past. We are beginning to focus more on the entire strategy for dealing with that student.

Mr. EARLY. What is the retention rate for youngsters you are recruiting into these 3 programs?

Dr. MOYE. I do not have that figure. I am not sure it is available.

Ms. BEEBE. Perhaps one piece of data may be useful. In the Upward Bound Program, it shows that these students have a higher retention in school than similar students who did not participate in an Upward Bound Program.

Mr. EARLY. What are you comparing it to?

Ms. BEEBE. The Upward Bound Program identifies students at the high school level, gives them tutorial services and helps them and motives them to attend postsecondary institutions. Compared to a similar student who did not participate in the Upward Bound Program, we find that the Upward Bound student is more likely to enter college and complete college than the student who did not have the advantage of an Upward Bound Program.

Mr. EARLY. Isn't everyone taking advantage of Upward Bound?

Ms. BEEBE. No. We serve a small pecentage of students in that program.

Mr. EARLY. You cannot supply the numbers that are retained for those that complete their degrees once they start one of these outreach programs?

Dr. MOYE. I can give you some preliminary data on the Special Services, but we do not have, except for the evaluation study Ms. Beebe mentioned, data on students tracking them from Upward Bound through Special Services to graduation.

Ms. BEEBE. For example, in Talent Search, one of the major activities is to provide information to students about the advantages of attending postsecondary education schools, and we probably do not have data on the names of individuals who have been touched or influenced by this program. So there is literally no way to collect that kind of information.

Mr. EARLY. Talent Search is not duplication of counseling and tutorial services in a private college, is it?

Dr. MOYE. Talent Search identifies the students before they get to college. The services provided on campus are only for the students at the institution, so we are talking about a different population of students.

SUPPORT SERVICES

Mr. EARLY. You talk about them doing things for the student in school. Why isn't that a duplication of guidance and tutorial services?

Dr. MOYE. Many schools would not have guidance and tutorial programs if they did not have Special Programs funding.

Mr. EARLY. What university does not have some guidance program? They certainly do not exempt the disadvantaged from the guidance program.

Dr. MOYE. No, but the guidance program is not designed to deal with academically weak students. Most of the programs I am familiar with would concentrate on counseling for personal problems. Academic support programs hardly ever fall under the rubric of guidance as it occurs on a college campus. Many institutions which have accepted large numbers of disadvantaged have support services today, and many would continue services if we did not have funding. But many of them would not continue those services, given the present economic climate on campus

Mr. **Early**. You said to Mr. Stokes that the ability is definitely there.

INCREASED EMPHASIS ON SCIENCE AND MATH

Dr. **Moye**. In the past, the emphasis really has not been on science and math which we are now bringing into the program.

Mr. **Early**. Whose fault is that?

Dr. **Moye**. I think we can be criticized somewhat for not putting more stress there, but I would certainly say that from a programmatic standpoint. The major emphasis was to establish the fact that disadvantaged kids can go to school, and can succeed. Now that we have done that, I believe we can begin to focus on specific areas where we feel there is still a gap.

Mr. **Early**. You say there is a gap and the minority medical schools entrance rate is decreasing. Really I would say the program is working if more minorities are applying. To me it is much more productive way to evaluate. It is much more revealing.

Dr. **Moye**. We certainly have more minorities applying to colleges and universities.

Mr. **Early**. Not medical schools.

Dr. **Moye**. That is a special problem because, again, one of the important components of that student's background is preparation in the science and math. These are two areas where disadvantaged students seem to have had poor training by the time they get to college. We have worked with youngsters who were exposed to science and have seen the thrill of science. But when they are asked if they would go into science they shy away from it because by then the message is clear. If you do not receive the necessary preparation at the elementary and secondary level, you cannot expect to do work at a higher level.

Dr. **Ellis**. That is right. We are trying to move back, focusing on the pre-college years, and hopefully we will get more into the elementary level too, because we recognize that the earlier we turn students onto these areas of science, the better chance we have of getting them interested in entering these fields.

OUTREACH

Mr. **Early**. Why shouldn't we be shifting our emphasis to the student in the higher education institution rather than the outreach effort? When you suggested that the colleges because of the fiscal pinch and the loss of students are going to be initiating all the Talent Search, why shouldn't we do this? Why shouldn't we let the private sector do that? They have to balance their books at the end of the year. Why shouldn't we be doing more other than to establish them as a start to get them in?

Dr. **Ellis**. If you look at total dollars——

Mr. **Early**. Which program has a shift from outreach to performance? Outreach?

Dr. Ellis. That is access so that the student who has the ability is contacted whether or not he may go. That is our big approach, but we still face the question of when they are in this school are you going to help them or let them sink or swim.

Mr. Early. We are out to satisfy statistics and not satisfy the individuals in higher education.

Dr. Ellis. I assume in certain instances that may be so, but our approach is to insure that every American can develop his or her talents to the fullest and has access to use those talents to go to college, a university, medical school or whatever, and we want to insure that they have that opportunity if they are willing to work at it. In the long run that is going to be good for our society. The statistics fall out of a more central purpose.

Dr. Moye. We get the impression that the number of individuals applying to medical schools is down, not just those going but those applying, and I still believe that the reason for that has to do with basic science and math training.

Mr. Early. You are talking about just the disadvantaged?

COLLEGE COMPLETION RATES

Dr. Moye. Yes. I believe, however, that the number of disadvantaged students who go to school and who succeed in completing their education is still increasing. We have not seen a decline there. For example, some data I have seen show we have gone from 1950 with 2.2 percent of the nonwhite population getting 4 or more years of college, to, in 1977, where 9.7 percent are getting 4 or more years of college. That is not a dramatic increase but it is a steady increase.

Mr. Early. I do not put too much credence on that because I do not know whether that is compared to the number of white students who are going.

Dr. Moye. It is worse than the whites.

Dr. Ellis. I can give you the white population, too.

Mr. Early. I think that is important. I do not think we have an argument if we go to percentages from dollars.

[The information follows:]

Percent of Population Completing
4 or more years of college

	1950	1960	1970	1975	1977
Ages 25+ White	6.4	8.1	11.6	14.5	16.1
Non-white	2.2	3.5	6.1	9.1	9.7
Ages 25-29 White	8.1	11.8	17.3	22.9	25.3
Non-white	2.8	5.4	10.0	15.2	15.5

Source: U.S. Census Bureau

EDUCATIONAL OPPORTUNITY CENTERS

Mr. **Natcher**. The budget for Special Programs for the Disadvantaged includes $6.3 million for Educational Opportunity Centers. What is the difference between an Educational Opportunity Center and an Educational Information Center?

Dr. **Moye**. The Educational Information center is designed to provide educational information to all the citizens in the State. On the other hand, services under Educational Opportunity Centers assist residents of an area where there is a high concentration of low-income people. Once that area is defined and the center is established, the center then assists residents to enter post-secondary education by assisting them in completing their secondary schooling and in applying for financial aid and in referring them to other services not authorized for the Educational Opportunity Center. In addition, a center provides the residents of the area who are enrolled in secondary education with tutoring, counseling and other supportive services. The real difference is that the Educational Opportunity Centers concentrate on areas with high numbers of low-income people.

Mr. **Natcher**. How many Educational Information Centers do we have now operating?

Dr. **Moye**. We funded 44 last year.

STRENGTHENING DEVELOPING INSTITUTIONS

Mr. **Natcher**. For Strengthening Developing Institutions, the budget proposes $120 million, the same amount as in fiscal year 1979. Briefly now, describe the changes in regulations recently propose for this program.

Dr. **Moye**. One change is to have one program instead of two. Before we had a Basic Program and an Advanced Program. We now have one program, and there will be the opportunity for institutions to describe where they are on a continuum of development and to indicate what it is they need to move on, how long they need the money, and the amount they require.

There is a great deal more flexibility. There is also a different procedure by which institutions will be declared to be eligible. Institutions will be measured on two quantitative factors. One is the average Basic Educational Opportunity Grant award per full-time equivalent undergraduate student. The other is the average educational and general expenditure per full-time equivalent undergraduate student.

We feel these two measures help to define what the law means when it says struggling for survival and isolated from the mainstream. The regulations also provide that institutions which do not qualify on the basis of the quantitative factors may indicate to the Commissioner in a brief narrative why they feel they are struggling and, therefore, should be declared developing. So, again, flexibility is built into the eligibility process.

We have weighted the criteria by which the institution's eligibility will be adjudged. Previously we had indicated what criteria we would look at, but this time we have given weight to those criteria. Those are three of the major changes.

Mr. NATCHER. What effect will these changes have on institutions currently participating in the program?

Dr. MOYE. There will be an effect, but it is largely theoretical because we have also made a change in the final regulations to allow institutions funded in 1978 to continue to be eligible, that is, they need not meet the new eligibility criteria to have their proposals considered for funding. If we went strictly by the quantitative factors, the total number of institutions eligible would remain about the same but the mix of institutions would change. Some institutions which previously had received funds would no longer be eligible and some which had not previously received funds would come into the program. But, as I stated, we have waived the eligibility criteria for institutions that were funded in 1978.

Mr. NATCHER. Will community college participation be affected?

Dr. MOYE. By law, community colleges will continue to receive 24 percent of the funds.

REAUTHORIZATION OF TITLE III

Mr. NATCHER. Do you think the Strengthening Developing Institutions Program should be substantially changed when it comes up for reauthorization next year?

Dr. MOYE. The major change that we would consider and recommend is a better definition in the law of what a developing institution is. We have had to attempt to define these institutions by regulation and we think there may be some advantage to defining them more clearly in the law.

Mr. NATCHER. For the record, insert your response to the findings contained in the recent GAO report on the developing institutions program.

[The information follows:]

RESPONSE TO GAO REPORT ON TITLE III

We are completing our response to the GAO report on the Strengthening Developing Institutions Program. As soon as the response has been approved by the Department we will forward it to the Committee.

DETERMINATION OF EFFORT TO IMPROVE CAPACITY

Mr. **Natcher**. How does your office determine if a developing institution has made a reasonable effort to improve its overall academic and administraive capacity?

Dr. **Moye**. This is a new administrative phase of our program. We have asked for this determination in the new regulations. Previously we have not asked that question. We are reviewing applications and will begin our monitoring soon. I would have to defer until we have had a chance to look at the data that we get. For example, we have asked institutions to indicate to us what they will do if their income or enrollments or endowments are declining. Once we have all that data in through the application process we can begin to tell you exactly what the state of the art is.

COOPERATIVE EDUCATION PROGRAM

Mr. **Natcher**. You are proposing appropriation language for the Cooperative Education Program. What is the effect of this proposed language?

Dr. **Ellis**. The proposed effect will be to fund multiyear demonstration grants averaging $1 million to 7 major urban institutions. The purpose is to have the total institution participate in cooperative education. Previously the grants we distributed were small administration grants that enabled an institution to have program in one division or department of the university. We believe there would be much more impact if a major portion of the university had the cooperative education program. We think that if we fund a few demonstration programs the feasibility of this model can be tested.

We know that it works but we think that the total institutional pattern is one that ought to be given more attention. Currently we are functioning under a $3 million cap for demonstration, research, and training. The proposed appropriation language will enable us to fund demonstration projects, research, and training up to an $8 million level.

DEMONSTRATION PROJECTS

Mr. **Natcher**. The concept of cooperative education has been around since about 1906. Why do you need to spend $7 million for demonstration projects as proposed in the budget?

Dr. **Ellis**. Its true that the program has been around since 1906. I think the University of Cincinnati had the first program, but for reasons not totally understandable it has not caught on in the total university. There are cooperative programs in about 1,000 of our colleges and universities today, but there are relatively few that use the process on a total institutional basis.

We believe we need to support better linkages between education and work. The evaluation of the Cooperative Education Program shows that the cooperative programs are very successful and that students can get jobs if they participate in them. The evaluation we have indicates that cooperative education has some remarkable benefits. We think we are missing a bet if we do not really do some demonstrations to show what could be realized from this program if it were tried on a larger basis.

The small dollars we currently award are just not enough to get the impact we think this program should have.

Dr. Moye. To completely convert an institution to cooperative education requires a great deal more money than most of the institutions have been able to apply to this process. Our administration grants certainly would not permit that to happen. In order to allow institutions the major turnover costs, these larger grants are needed.

ALTERNATIVE SOURCES OF FUNDING

Mr. Natcher. There is a Fund for the Improvement of Postsecondary Education administered by the Assistant Secretary for Education. The budget for 1980 is $14 million. Why shouldn't that office conduct demonstration projects in cooperative education?

Dr. Moye. I am afraid I do not know enough about that program's funding priorities to know whether that is feasible. I would suggest, however that given the projects they already have, they would need a great deal more money than their own $14 million to be able to undertake the substantial projects we envision.

Dr. Ellis. The fund is one of the best administered, one of the most important programs in HEW. It is a relatively small amount of money that enables colleges to try innovative practices, but the fund would be consumed if they tried to pick up the $7 or $8 million out of their total program. It would decimate their ability to function as a catalyst. They get remarkable results out of that $14 million but they would not if they put more than half of it into one type of demonstration.

INCREASE FOR INTERNATIONAL EDUCATION

Mr. Natcher. For International Education and Foreign Language Studies the budget request is $22 million. This is an increase of $2 million over last year. With the budget that is presented to the committee as a tight budget, why can't we get by with $20 million instead of $22 million?

Dr. Ellis. Mr. Natcher, I think an honest answer is we could get by——

Mr. Natcher. Thank you.

Dr. Ellis. But I would prefer not to have that be my entire answer. With your permission, I would like to expand.

Mr. Natcher. Go ahead, Doctor.

Dr. Ellis. I am trying to be responsive to your question and also insure that I do not end up back in Columbus, Ohio, tomorrow morning. To be absolutely serious, the international events that are occurring today are just incredible. The signing of the peace treaty that thrilled us all is only one indication of the dynamic interrelationships that exist in our world. We simply have to recognize that, as a people, we depend on the nations throughout the world, energy throughout the world and unfortunately there are some awesome gaps of knowledge about these interrelationships in our society.

We have had a statistical summary of how little some of our students know about international events and it is embarrassing.

One of the additional millions that we are requesting is for what is termed Cultural Understanding projects. These are school-based projects where we are working with elementary and secondary school pupils and trying to find ways to spread successful projects. The other $1 million increase is for the Fulbright-Hays program.

Given the overall concern that we have for America's place in the world and the enormous international issues that exist, this modest increase for international eduction is illustrative of the high priority we place on ths effort. If we did not believe this program was of a major priority, we would have proposed $20 million rather than $22 million. I want to underscore this was not a decision lightly made, and it represents a priority that is deeply desired.

COORDINATION WITH OTHER AGENCIES

Mr. **NATCHER**. Dr. Ellis, how does the International Education Program in your office relate to the international education program supported by the State Department?

Dr. **MOYE**. We cooperate closely with them. Some of our activities, for example, are cooperative activities with the International Communication Agency and the coordination has been quite good.

Mr. **NATCHER**. Do you still believe as far as the international program is concerned it should carry out its function in much the way it is at the present time with the present funding?

Dr. **ELLIS**. I would ask for more money but I think in terms of administration, yes, it should be carried out in our office.

CLIENTELE TO BE SERVED

Mr. **NATCHER**. With the limited budget, why not focus your efforts at the postsecondary education level?

Dr. **ELLIS**. In international education?

Mr. **NATCHER**. Yes.

Dr. **ELLIS**. We have been, sir, and we are focusing most of our efforts at the university level and we have funded fellowships, research, doctoral dissertations, area studies, and university programs. We believe those are still central to the whole process. That has been our primary thrust.

But you have to address the fact that we have 50 million students in our elementary and secondary schools who are still in many respects not fully benefitting from this program and we need to build better linkages between the schools and universities.

We have to build better relationships. These dollars are essential to insure that we have some elementary and secondary school-based programs, because a student cannot wait until the university level before receiving exposure to international programs.

Dr. **MOYE**. I should remind you, Mr. Natcher, that the way in which we reach the elementary and secondary school student is through retraining and inservice training of teachers. We are talking about continuing education for elementary and secondary school teachers as one of our primary thrusts with the additional money we are requesting for the Cultural Understanding projects.

INTERNATIONAL STUDY CENTERS

Mr. **Natcher**. Part of the budget request is $8 million for international studies centers. How long have these centers been funded?

Mr. **Meador**. The first one was funded in 1959 shortly after the passage of Title VI of the National Defense Education Act, after the Russians launched Sputnik. We built up to a point of 107 centers at 63 colleges and universities at one stage, and we now have 80 centers.

Mr. **Natcher**. What type of projects are carried out in the centers?

Mr. **Meador**. Let me give you a description of one that we think reflects the more general kind of study center. This is the Latin American Study Center at the University of Wisconsin. It is a systemwide operation that serves the dispersed campuses of the University of Wisconsin in various cities across that State. They have a closed-circuit television program to spread the teaching and understanding of Latin American languages and studies to the students at both the graduate and undergraduate level. They have linked up with schools of agriculture, architecture, business, English, law, social work and environmental sciences, and offer joint degree programs in these subject areas with a focus on Latin America.

As part of its outreach program, the center does serve as a resource for elementary and secondary education and for other higher education institutitons within Wisconsin. The center is particularly interested in Latin American business and has prepared a handbook for businessmen who wish to do or to improve trade with Latin America. This is, as I say, a typical Latin-American comprehensive study center.

Mr. **Natcher**. All right.

UNIVERSITY COMMUNITY SERVICES AND CONTINUING EDUCATION

Mr. **Natcher**. Now the budget proposes to terminate funding for the University Community Services and Continuing Education Program. The reason for this, I believe, is because the program has proved successful; is that correct?

Dr. **Ellis**. That is one reason, yes. It has proved successful. But we also believe that most universities currently have developed the capacity to work with their communities. They have a variety of ongoing activities, and the Federal presence is no longer required to insure that those activities are continued.

Mr. **Natcher**. No serious consequences would result?

Mr. **Ellis**. We think not.

Mr. **Natcher**. The programs are successful and will operate on their own without any difficulty?

Mr. **Ellis**. We think so.

Mr. **Natcher**. I have a few additional questions which I will submit to you.

CONCLUSION

Mr. **Natcher**. Dr. Ellis, we want you and Dr. Moye and the rest of you ladies and gentlemen to know that we appreciate your appearance before our committee at this time in behalf of your

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budget request for Higher and Continuing Education. It has been a good hearing.

Dr. ELLIS. Thank you, sir. We appreciate your courtesy.

[The following questions were submitted to be answered for the record:]

UNIVERSITY COMMUNITY SERVICES AND CONTINUING EDUCATION

Mr. NATCHER. What specific purpose has the University Community Services Program served over the 13 years of its existence?

Dr. MOYE. Since 1965 University Community Services and Continuing Education projects supported by this program have been a significant force in encouraging more than 2,000 colleges and universities to direct their resources to (1) the solution of community problems in their communities; (2) the expansion of continuing education programs; and (3) the planning for resource sharing to expand the educational opportunities for adults in the communities being served. These efforts not only reduced the severity of the problems they were funded to address and provided access to postsecondary educations for thousands of adults who were previously outside the mainstream of higher education, but also provided postsecondary institutions with valuable information for improving their offerings, and, since 1976 for developing new program formats responsive to the distinct educational needs of new groups of adult learners.

Mr. NATCHER. For the record, insert 3 examples to illustrate the success of the community services programs.

Dr. MOYE. The following three projects are representative of the types of programs funded through either the State formula grant or discretionary grant authority of Title IA:

A. Educare—Southern Illinois University-Carbondale.—A program for health care workers who have the least formal training—but who spend the most time with patients—are getting a chance to develop their skills in a one-year Southern Illinois University-Carbondale pilot program. The program is a series of free two-hour workshops at downstate hospitals and nursing homes for allied health paraprofessionals—nurse's aides, dietary aides, housekeepers—who live within a 20 mile radius. Topics range from death and dying to heart resuscitation; from foot disease to empathetic listing. It's aimed at continuing health education for non-professional people who staff hospitals and nursing homes. It upgrades them so they can give better care.

This State formula grant program commenced last summer with $74,794 in one-year "seed money" funds from the Illinois Board of Higher Education. Educare had reached 584 staffers from 56 hospitals and nursing homes by December, 1978.

B. "Technology for Arkansas Cities and Counties" The University of Arkansas-Fayetteville.—In the fiscal year 1977 Annual Program Performance Report this State formula project met its goal of providing technical assistance to local government. Local government units were provided assistance on a diversity of problems. An evaluation by the State of Arkansas of the impact of the project indicates that it has established a permanent technical assistance network between local communities and county government, and developed a personnel manual, new accounting systems, and energy audit methods.

C. Mid-Career Change.—An Evaluative Study of Diverse Models of Continuing Education for Persons Seeking Mid-Career Employment Change—University of California-Berkeley—This discretionary grant project is directed toward problems of employment career mobility and/or job re-entry. In each case it also evaluates the impact of State-level planning for continuing education and the impact of community level organizations formed to coordinate and promote the availability of such programs at the point of delivery. The project assesses the programs in at least six community areas where there are indications that the programs may have high potential for replication or adaptation by postsecondary institutions in other community areas. The last six months of the program will be devoted to a dissemination configuration designed to explain the adaptability of programs and encourage their adaption.

STATE POSTSECONDARY EDUCATION COMMISSIONS

Mr. NATCHER. Funding for State Postsecondary Education Commissions is being eliminated in your request. Can you give us assurance that all State Commissions will continue if Federal support is withdrawn?

Dr. **Moye**. When Federal support became available for State Postsecondary Education Commissions, each State had the option to establish or not to establish such a Commission. Given this option, 55 such commissions have been established to date. If Federal support is withdrawn, each State would again have the option to continue such a Commission with State support or to abolish it. Since it is a State decision, we obviously can given no assurances as to what course of action they would elect to follow. It would be our hope and expectation, that their experiences with the State Commissions would have been such that they would want to see them continued.

GRADUATE PROGRAMS

Mr. **Natcher**. For graduate training programs, the budget request is $16 million. You plan to shift funds from some existing programs to the program for graduate and professional education opportunities. What is your general policy with regard to graduate training?

Dr. **Moye**. Access to graduate and professional schools is the top of the pyramid that the Federal government has been building in its attempt to improve educational opportunities. Many minorities, women and other students are seeking to enter graduate and professional education. The Graduate and Professional Educational Opportunities Program will provide the impetus for a nationwide talent search to seek out especially qualified students from those groups that have been underrepresented and will provide the opportunity for entry into the professions, industry, academia and government. This new program represents a major effort on the part of this Administration to increase access to graduate and professional education for minorities. In contrast to individual efforts in a particular area (such as medicine) this program will provide fellowships for all academic and professional areas in which minorities and women are underrepresented and for which there is a national need.

The professional areas of public service and domestic mining, which have been funded separately since 1975, will be included under the more broadly based Graduate and Professional Educational Opportunities Program to be eligible for support.

Mr. **Natcher**. Does the Federal government have any responsibility or interest in graduate training where there are known shortages of trained people?

Dr. **Moye**. The Federal government has for a long time accepted this responsibility. Personnel training programs under the National Defense Education Act, the Higher Education Act, the Education Professions Development Act, to name a few, attest to this. The Graduate and Professional Educational Opportunities Program, while it is designed in part to address a particular kind of "access" problem, also addresses manpower needs in the national interest.

Mr. **Natcher**. Is it your contention that we now have an adequate supply of trained people in public service and domestic mining careers? Do you have specific data to support your contention?

Dr. **Moye**. There has not been a recent nationwide survey of the need for public service managers. There are indications, however, that the number of persons preparing for careers in public service is increasing. A 1975 survey conducted by the National Association of Schools of Public Affairs and Administration of its membership showed that 138 programs enrolled 7,443 full-time and 12,288 part-time students in masters degree programs. A similar survey in 1973 showed a total of only 12,600 full and part-time students being reported. The total number of graduate degrees awarded in 1975 was 4,407 compared with 3,107 in 1973. There are indications that persons preparing for careers in public service also receive training in disciplines such as business, social work, and public health. This makes the determination of the manpower in public service very difficult and estimates based on enrollments and degrees awarded in public affairs and administration somewhat conservative.

Regarding the Domestic Mining Fellowships Program, according to the Department of Labor's "Occupational Outlook for College Graduates, 1978-79 Edition", the employment of metallurgical, mining and petroleum engineers is expected to increase faster than the average for all occupations through the mid-1980's. The January 24, 1979 Wall Street Journal reported that in a survey of the 20 largest petroleum engineering schools, the society of Petroleum Engineers found the schools expect a 30% increase in the number of bachelor's and master's degrees over the next two years. It is very likely that the marketplace will provide additional incentive to encourage students to enter mining fields and because of the increased demand, mining and minerals industries may be willing to pick up a larger share of the training costs in the future.

It should be noted that, however, while our 1980 budget request does not include funds for categorical fellowships programs such as public service and mining fellowships, we are at the same time expanding the Graduate and Professional Education Opportunities Program. Fellowships under this program may be awarded for training in public service and mining.

Mr. **Natcher.** What percentage of the students assisted under the graduate and professional training program are women?

Dr. **Moye.** During 1978-1979, the first year of this program, 52 percent of the students assisted were women.

Mr. **Natcher.** What incentive are provided to encourage institutions to participate in this program?

Dr. **Moye.** In addition to the fellowship stipend paid to the student, an institutional allowance is paid to the institution for each fellowship to cover tuition and fees. In addition, the availability of fellowships, in themselves, means that institutions have the potential for attracting better students to their programs. The associated institutional grant funds, as distinct from the institutional grant funds, also provides an incentive to institutions to strengthen and develop specific programs of instruction.

Mr. **Natcher.** What percentage of the students that participate in the program actually receive graduate degrees?

Dr. **Moye.** Since academic year 1978-79 is the first year of this program, none of the first 352 fellows have actually graduated. We find it encouraging, however, that only 10 of these students have dropped out of their programs to date. This rate of persistence augers well for future degree completion rates.

Mr. **Natcher.** The budget shows that 125 institutions participate in the graduate and professional training program. How do you plan to evaluate projects at these institutions?

Dr. **Moye.** It is anticipated that approximately 125 institutions will participate in this program during 1980-81. There are only 55 institutions currently participating in the program during the 1978-79 academic year.

Funded institutions are and will be evaluated on the basis of site visits by professional program staff. These inspections will be supplemented by the review and analysis of written reports required from the grantees.

Ultimately, the success of these funded programs will depend upon the completion rates of the fellows and the degree to which they are employed in the academic and professional positions for which they were prepared.

Cooperative Education

Mr. **Conte.** You state that a major new thrust is planned for Cooperative Education, because you are re-directing the funds that were available last year. In effect, though, you are level-funding this program at $15 million in a year after there was 9% inflation. Is that your concept of a "major thrust?" Please explain your plans and the amount to which Cooperative Education programs will be able to expand this year with present funding.

Dr. **Moye.** For fiscal year 1980, the Cooperative Education Program is proposing a redirection of program funds to more actively encourage the growth and development of cooperative education on college campuses. In this redirection our policies are responsive to the suggestions of the Congress and the education associations for strengthening the program. We realize, however, the limitations on Federal funds and the President's desire to control spending; thus, we are proposing this redirection of the program without requesting additional funding.

The new "major thrust" of this program will be seven large multi-year demonstraton grants which will be awarded to large urban institutions for the purpose of establishing a comprehensive Co-op program available to students in all fields and disciplines. These awards would average $1 million each. In a parallel effort to strengthen cooperative education, we plan to increase the size of new awards for administration to an average of $125,000, and to support only the strongest, most committed continuation awards (averaging $60,000). While the total number of administration awards will be reduced, we feel that larger grants to a smaller number of institutions will provide a more focused use of program funds, with the potential for greater strengthening of the cooperative programs at these institutions, without a commitment of additional Federal funds.

Mr. **Conte.** You estimate that you will serve 90,000 Cooperative Education students this year. How many students would like to be served? How many schools currently have Cooperative Education programs? How many have initiated new Cooperative Education programs?

Dr. **Moye.** We have no way of estimating the number of students who would like to enroll as Cooperative Education students, but who are unable to because colleges do not have on-going programs, or the programs are limited by field (e.g., only in engineering or business administration). As the Applied Management Sciences concluded, the potential for expansion is considerable.

The latest annual survey of Co-op programs by the National Commission for Cooperative Education lists 992 programs in the U.S. and Canada, with 932 which are operational, and another 60 in the planning stage. It is impossible, however, to say how broad these programs are. They may encompass most of a college or only a single department.

In fiscal year 1978, 132 institutions applied for first-year grants, and 53 were approved for funding. In fiscal year 1979, about 100 institutions applied for first-time grants, and we expect to fund 46 or 47.

SPECIAL PROGRAMS FOR STUDENTS FROM DISADVANTAGED BACKGROUNDS

Mr. **CONTE**. You state that there are an estimated 494,500 students that are in some way "disadvantaged." Of these, how many will you serve, and how is this determination made?

Dr. **MOYE**. The 494,500 figure is the estimated number of disadvantaged students that we propose to serve in the Special Programs for fiscal year 1980.

The most recent projections by the Bureau of Higher and Continuing Education of the potential population eligible to participate in the Special Programs, based on current Census data, are:

Program:	*Eligible universe*
Talent search	17,394,000
Upward Bound	1,150,000
Special services for disadvantaged students	680,000
Education opportunity centers	10,000,000
Total	29,224,000

Therefore, in fiscal year 1980 we propose to serve 17 percent of the eligible population. The determination of the number of disadvantaged students we will serve is based on past experiences and the estimated cost per participant for each program. With the requested $130 million for the Special Programs, in fiscal year 1980, we estimate serving the following number of students in each of the programs:

Special emphasis Upward Bound	2,700
Upward Bound	41,430
New concept special services	8,334
Special services	138,037
Talent search	204,000
Educational opportunity centers	100,000
Total	494,501

Mr. **CONTE**. Despite the addition of a new Special Emphasis Upward Bound for which you request $5 million, there is an overall cut in Upward Bound programs. In an era when minority unemployment remains high, and when inflation makes it even harder for disadvantaged youth to go to postsecondary schools, how do you justify this decrease?

Dr. **MOYE**. While it is true that there is a reduction in the request for the Upward Bound Program, it should be noted that our 1980 budget includes other new and expanded requests for programs serving disadvantaged youths. The new Biomedical Sciences Program, for example, serves essentially the same population as the Upward Bound Program.

Mr. **CONTE**. What kinds of students do you seek out in the "Talent Search" program?

Dr. **MOYE**. A youth, aged 14 through 27, is eligible to receive services who:

Is a citizen or national of the United States, or is in the United States for other than a temporary purpose, and is, or intends to become a permanent resident, or is a permanent resident of the Trust Territory of the Pacific Island;

Is enrolled in or graduated from secondary school and who shows "exceptional potential" for success in postsecondary education or,

Is a secondary or postsecondary school dropout with a "demonstrated aptitude" for re-entry into and success in secondary or postsecondary educational programs;

Is in need of (a) guidance and counseling to complete or return to secondary school, (b) information and counseling on postsecondary educational opportunities, (c) assistance in gaining admission or readmission to postsecondary educational institutions, (d) assistance in applying for financial aid; and

Is of financial or cultural need.

In addition to the above, eligible veterans, can receive services from this program.

Mr. CONTE. Your Special Programs for Students from Disadvantaged Backgrounds, often referred to as the TRIO programs, are being cut back to an overall budget figure of $130 million from $140 million this year. Won't this mean a tremendous loss of ability to serve those students who need the most service?

Dr. MOYE. It is important to note that while the $130 million request is $10 million below last year's appropriation, it represents a $15 million increase over last year's request. In fact, over the past three years our requests for the TRIO programs have risen from $85 to $130 million. That growth at a time of severe budget restrictions, I believe, clearly indicates our commitment to the goals of these support services and our appreciation of their effectiveness.

The fiscal year 1980 budget request does reflect a reduction in the number of projects funded under the Special Programs authority by a total of 123 which results in reducing the total number of students served by 27,763.

It should also be emphasized that this budget item cannot be studied in isolation. It does not reflect our total effort to serve disadvantaged youths. The budget includes other new and expanded requests, such as for the new Biomedical Sciences Program which to a large extent serves the same population.

VETERANS' COST-OF-INSTRUCTION PROGRAM

Mr. CONTE. What success at providing good education and career possibilities are you having with Vietnam era veterans?

Dr. MOYE. It is difficult to respond fully since most of the programs to assist veterans are lodged in the Veterans Administration. The one program we do administer, the Veterans' Cost-of-Instruction Program, provides funds to institutions to encourage them to recruit Vietnam-era veterans and provide them with the counseling and other services necessary to complete their program of postsecondary studies.

Under special educational programs, the VCIP institutions provide tutorial assistance, GED programs, and developmental programs. Counseling programs are established to give the veteran the help he may need not only with classroom work but also with other special problems he may have. Additionally, each veteran receiving benefits from the Veterans Administration is required to make reasonable progress toward completing a program of study approved by the VA.

Mr. CONTE. The number of institutions elibigle to receive funds for veterans education appears to be declining. Why is this?

Dr. MOYE. The primary factor in the decline of institutions eligible to receive Veterans' Cost-of-Instruction payments is the decrease in the number of eligible veterans. With each passing year since the end of active involvement of the Armed Forces in Vietnam, the number of eligible veterans has declined. The severe reduction in the number of undergraduates receiving veterans education payments has in turn made it difficult for a large number of higher education institutions to maintain the enrollments required by the VCIP eligibility formula.

The VCIP formula requires that for an institution to qualify, the number of undergraduated receiving veterans education benefits must constitute 110% of the number of such students enrolled the previous year or 10% of the total undergraduate enrollment. To continue participation, veterans enrollments must be maintained at the previous year's level.

The May 31, 1976 delimiting date which ended the eligibility for veterans educational assistance for post-Korean and early Vietnam era veterans discharged prior to July 1, 1966, impacted severely on the program. The loss of eligibility meant a decline in veterans enrollment for institutions and a reduction in the pool of eligible veterans to recruit. In response to this problem a "discounting" provision was included in the Education Amendments of 1976 in an attempt to hold harmless institutions from the effect of the delimiting date. An amendment attached to the Alcohol and Drug Abuse Education Amendments of 1978 provided for two additional methods whereby participating institutions could retain eligibility to continue in the program. However, even with the relaxed eligibility criteria, given the dwindling number of veterans, fewer institutions are expected to participate in the program.

INTERCULTURAL CENTERS

Mr. CONTE. What is the current status of the two intercultural centers at Georgetown and Tufts?

Dr. MOYE. The grant and loan on both projects have been approved. Construction of the projects has not yet commenced however, as both institutions are still in the process of finalizing plans and specifications needed to proceed with the construction contract bidding.

GRADUATE PROGRAMS

Mr. CONTE. To provide education opportunities for women and minorities you ask $16 million. How many women are currently employed as academics? How many minorities? What percentage of employment for these two groups is your goal?

Dr. MOYE. The National Center for Educational Statistics in its 1978 edition of The Condition of Education reported that in 1976 women comprised about 24.6 percent of all higher education faculties while minorities comprised less than 3 percent of the total of 446,034 faculty.

Our goal for these two groups would be to increase their representation closer to their overall proportions in the total population. In the case of women this would mean increasing their representation on faculties closer to 50 percent, and in the case of minorities closer to 18 percent.

STRENGTHENING DEVELOPING INSTITUTIONS (TITLE III)

Mr. CONTE. Can you provide examples of developing institutions that qualify for grants? Can you also name a few of the programs implemented through the use of these funds?

Dr. MOYE. There are a variety of types of institutions which qualify for grants under the Title III program. Specific examples of those funded in 1978 and programs implemented through the use of Title III funds include the following:

Livingstone College, a private four-year predominantly Black institution in North Carolina, has used Title III funds to develop a Comprehensive Basic Skills Activity. The Basic Skills Activity is designed to improve the reading, writing, speaking and computation skills of entering freshman. The college concentrates on the freshman year and part of the sophomore year to build cognitive skills in order to strengthen academic programs and to provide a successful educational experience for low-income and minority students. The Basic Skills Activity has enabled the college to reduce student attrition rates, revise teaching methodologies, revise the general education curriculum requirements, and improve student self concepts.

Greensboro Regional Consortium, includes three private liberal arts institutions: Greensboro College, Guilford College and Bennett College. The three colleges formed the consortium in 1968 and have sponsored the following types of activities: shared academic programs, curriculum development, faculty exchange, evaluation, student services, management planning and budgeting, library cooperation, and a joint summer school. The consortium has been an effective arrangement for the three colleges to operate single programs in Music and Special Education. The greatest impact of Title III funding, however, has been in the area of administrative improvement. The National Association of College and University Business Officers model for planning and budgeting has been used on each campus. This has assisted each college in operating a balanced budget. In addition, an analysis of the cost of instruction on each campus has assisted in revising curricula and course offerings.

North Dakota State University-Bottineau Branch involvement with Title III resulted from cooperative planning with representatives of the Turtle Mountain Chippewa Tribe. The group granted authority to implement on-reservation higher education services incorporated by the Tribal Council as the Turtle Mountain College. To carry out this mandate, the Community College sought a bi-lateral arrangement with North Dakota State University-Bottineau whereby NDSU-Bottineau would provide the services, assisted by Turtle Mountain Community College and financed by Title III. The impact of the Turtle Mountain Enrichment Center, which was established as a result of this arrangement, has been multiple: (1) approximately 300 different Indian people who previously had no opportunity for higher education have successfully completed college courses; (2) a unique Indian/Reservation-Oriented academic program has been created; (3) a new resource for reservation development in the form of skilled and credentialled Indian professional educators available on the reservation on a day-to-day basis; and, (4) education programs can operate successfully on the reservation by being responsive to Indian input.

Under the Advanced Institutional Development Program, *Austin Peay State University*, serves a fifteen county area in Middle Tennessee and Southern Kentucky, consisting mostly of small, agrarian communities of low-to-middle income families. Of particular note in its comprehensive program to strengthen the institution are a number of career and developmental education programs. These include: a career development program; a career business and professional program; a human services career program; and a developmental studies program which aims to increase the number of low-income students selecting pre-professional and career oriented courses and to improve basic academic skills. The latter program has been particularly successful; it offers individualized study in a laboratory or workshop format. Student demand for this program has gone far beyond expectations.

Marygrove College, a church-related, independent, 4-year liberal arts college in Detroit, Michigan has used its Title III grant to support a number of activities including:

(1) *Premedical and Predental Studies Program* restructures the basic science and mathematics courses to meet the needs of increased numbers of minority students with potential for medical and dental schools;

(2) *A Longitudinal Career Preparation Program* coordinates career-related functions of the college, such as, supervised work experience; faculty involvement in career planning, placement, and advancement; and coordination of academic and career planning from initial enrollment through alumni status;

(3) *An Instructional Development Component* improves the instructional effectiveness of the faculty in working with the older student, the under-prepared student, the minority student, and in relating formal education to the world of work;

(4) *The Degree and Major Programs for the Older Students Component* addresses the rapid growth in numbers of older students at the College by implementing flexible scheduling, self-design career majors, and assessment of prior learning;

(5) *Expansion of Services for Underprepared Students* develops predictors for "screening in" students who have the potential for success in postsecondary education, and increases the number of low-income and minority students who will be mainstreamed and who will graduate from college;

(6) *The Planning, Management, and Evaluation System* (PME) develops long-range institutional plans in which the global mission of the college is translated into specific goals, responsibilities, and activities.

INTERNATIONAL EDUCATION

Mr. CONTE. What are considered to be the "critical foreign languages" to be emphasized by your International Education and Foreign Language Studies Programs? How was this determination made?

Dr. MOYE. Since the inception of the programs, we have been sensitive to the need to define critical languages. Because of changes and political, economic, and social developments in the world, we have had to assess periodically the language priorities for specific world areas.

The first guidance for the programs was obtained from a 1959 report on the NATO Study Group on Asian and African Languages which included a list of more than 70 languages for which training was needed. Since that time, the Office of Education has also convened several conferences to obtain new information regarding language needs and resources. The most recent conference was held in 1974 and its report, "Material Development Needs in Uncommonly Taught Languages: Priorities for the Seventies," serves as our current guide. In addition, the Office of Education is currently represented on several task forces and committees such as the Modern Language Association's Task Force on Less Commonly Taught Languages, which continue to examine the nation's language needs and resources.

Over 70 languages are currently represented in OE's International and Area Studies Programs. The following twenty are those for which the most Foreign Language and Area Studies Fellowships were awarded in 1978: Arabic, Chinese, Czech, Hausa, Hindi-Urdu, Hungarian, Indonesian-Malay, Japanese, Persian, Polish, Portuguese, Quecha, Russian, Serbo-Croatian, Spanish, Swahili, Telugu, Tibetan, Tswana, and Twi.

Mr. CONTE. Under your line item on p. 383 "Exemplary Programs" you state that you funded three consortia in fiscal year 1979 for $1.4 million, for this year you will fund 4 for $1.1 million. How will you manage this?

Dr. MOYE. That fiscal year 1979, $1.4 million and fiscal year 1980, $1.1 million budget authority referred to the entire category of Exemplary Programs, which includes not only consortia but also graduate and undergraduate programs. While the total number of all Exemplary Program is decreasing in 1980, we will in fact be funding four consortia at the same average cost as the 1979 consortia.

[The justification of the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher and Continuing Education

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Appropriation Estimate

Higher and Continuing Education

For carrying out titles [I-A,]1/ III, VIII, *and* IX[, and XI]1/ and sections 417, [418,]1/ 420, [705,]1/ *and* 745 [, and 1203]1/ of the Higher Education Act; the Mutual Educational and Cultural Exchange Act of 1961; [section 421 of the General Education Provisions Act;]2/ *and* title VI of the National Defense Education Act [; and the Hubert H. Humphrey Institute of Public Affairs and the Everett McKinley Dirksen Congressional Leadership Research Center Assistance Act,3/ $393,000,000: *Provided*, That funds contained in Public Law 95-205 for carrying out section 525 of the Education Amendments of 1976 shall remain available for obligation until September 30, 1980.]4/ *,$348,380,000 including not to exceed $8,000,000 for section 801(b) of the Higher Education Act.*5/

Explanation of Language Changes

1/ Reference to Title I-A (University Community Services and Continuing Education), Title XI (Law School Clinical Experience), Section 418 (Educational Information Centers), Section 705 (Continuing Education Centers), and Section 1203 (State Postsecondary Education Commissions) is deleted because no request is being made for these programs.

2/ Reference to Section 421 of the General Education Provisions Act is deleted because of the proposed elimination of State Postsecondary Education Commissions.

3/ Reference to the Hubert H. Humphrey Institute and the Everett McKinley Dirksen Center is deleted because legislative requirements were fulfilled in the 1979 appropriation.

4/ Reference to the extension of the availability of funds for obligation for the 1978 appropriation for the Wayne Morse Chair of Law and Politics is deleted as it has been accomplished by the enactment of the 1979 appropriation. Therefore, this language does not need to be repeated in subsequent appropriations.

5/ Reference to a specific amount for Section 801(b) of the Higher Education Act is included because the amount requested exceeds the authorized level. This part authorizes research, training, and demonstration grants for Cooperative Education.

Language provision	Explanation
...including not to exceed $8,000,000 for Section 801(b) of the Higher Education Act.	This language is included because the amount requested for research, training, and demonstration grants for Cooperative Education exceeds the authorized level.

Amounts Available for Obligation

	1979	1980
Appropriation:		
Annual	$393,000,000	$346,380,000
Permanent	2,700,000	2,700,000
Subtotal, adjusted appropriation	395,700,000	349,080,000
Recovery of prior year obligations	70,000	---
Unobligated balance, start of year	3,345,000	1,469,000
Unobligated balance, end of year	-1,469,000	---
Total obligations	397,646,000	350,549,000

Summary of Changes

1979 Estimated budget authority	$395,700,000
1980 Estimated budget authority	349,080,000
Net change	-46,620,000

	1979 Base	Change from Base
Increases:		
Program:		
1. International education and foreign language studies: centers, fellowships and research--to increase the number of projects designed to sharpen the awareness of elementary and secondary students and the general public about world interdependence	$17,000,000	+$ 1,000,000
2. International education and foreign language studies: fellowships, group projects and research abroad--to increase the number of projects which foster international academic exchange and mutual understanding	3,000,000	+ 1,000,000
3. Graduate/professional educational opportunities--to increase the number of fellowships in order to expand opportunities for qualified women and minorities	8,000,000	+ 7,000,000
4. Special programs for the disadvantaged: Special emphasis upward bound--to initiate 25 projects targeted on increasing the number of disadvantaged high school students who prepare for careers in engineering, chemistry,		

	1979 Base	Change from Base
physics, etc. This new program partially offsets the proposed decrease in the traditional Upward bound program......................	---	+ 5,000,000
5. Special programs for the disadvantaged: New concept special services--to initiate 34 projects focused on increasing the number of disadvantaged students who graduate from college and pursue a wider range of postgraduate study. This new program partially offsets the proposed decrease in the traditional Special services program..........................	---	+ 5,000,000
Total increases......................		+ 19,000,000
Decreases:		
A. Built-in:		
1. Veterans' cost of instruction--to maintain a constant level of support per eligible veteran. Reduction in overall cost is a result of the decline in the eligible veteran enrollment..........................	19,000,000	- 4,620,000
B. Program:		
1. Special programs for the disadvantaged--to fund only the most promising and effective projects, reductions are proposed to the traditional Upward bound and Special Services projects. These reductions are partially offset by the proposed initiation of two new priorities within this program: Special emphasis upward bound and New concept special services.......	116,000,000	- 20,000,000
2. Educational information centers--to terminate the program since it duplicates services offered through several Office of Education programs....	3,000,000	- 3,000,000
3. University community services and continuing education--to terminate the program since support for these activities is a State and local, not a Federal responsibility..................	16,000,000	- 16,000,000
4. State postsecondary education commissions--to terminate the program since comprehensive planning is a State, not a Federal responsibility................	3,500,000	- 3,500,000

		1979 Base	Change from Base
5.	Public service grants and fellowships--to terminate the program since there appears to be an adequate supply of qualified people to fill public service jobs...............................	4,000,000	- 4,000,000
6.	Mining fellowships--to terminate the program since the attractiveness and financial rewards of careers in mining and mineral fuel conservation are sufficient stimulus to encourage students to enter these fields.............	4,500,000	- 4,500,000
7.	Law school clinical experience-- to terminate the program since clinical legal education has been amply demonstrated by private groups, and institutions now have the responsibility to support these types of programs............	2,000,000	- 2,000,000
8.	Continuing education centers--to terminate funding since further demonstration of this concept is no longer necessary as about 50 continuing education centers are already in existence and operating throughout the country......................	500,000	- 500,000
9.	Hubert Humphrey Institute--to eliminate this program since further funding for this program is not authorized................................	5,000,000	- 5,000,000
10.	Everett McKinley Dirksen Center--to eliminate this program since further funding for this program is not authorized................................	2,500,000	- 2,500,000
	Total decreases........................		- 65,620,000
	Net change.........................		- 46,620,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Student Services:			
a. Special programs for the disadvantaged..................	$140,000,000	$130,000,000	-$10,000,000
b. Veterans' cost of instruction....................	19,000,000	14,380,000	- 4,620,000
c. Educational information centers........................	3,000,000	---	- 3,000,000
Subtotal.......................	162,000,000	144,380,000	- 17,620,000
2. Program Development:			
a. Strengthening developing institutions....................	120,000,000	120,000,000	---
b. Cooperative education..........	15,000,000	15,000,000	---
c. International education and foreign language studies:			
(1) Centers, fellowships and research...............	17,000,000	18,000,000	+ 1,000,000
(2) Fellowships, group projects and research abroad.....................	3,000,000	4,000,000	+ 1,000,000
d. University community services and continuing education......................	16,000,000	---	- 16,000,000
e. State postsecondary education commissions..........	3,500,000	---	- 3,500,000
f. Aid to land-grant colleges.....	2,700,000	2,700,000	---
Subtotal.......................	177,200,000	159,700,000	- 17,500,000
3. Graduate Support:			
a. Graduate/professional educational opportunities......	8,000,000	15,000,000	+ 7,000,000
b. Legal training for the disadvantaged..................	1,000,000	1,000,000	---
c. Public service grants and fellowships....................	4,000,000	---	- 4,000,000
d. Mining fellowships.............	4,500,000	---	- 4,500,000
e. Law school clinical experience.....................	2,000,000	---	- 2,000,000
Subtotal.......................	19,500,000	16,000,000	- 3,500,000
4. Construction:			
a. Interest subsidy grants........	29,000,000	29,000,000	---
(Obligations)...................	(30,468,000)	(30,469,000)	(+ 1,000)
b. Continuing education centers...	500,000	---	- 500,000
Subtotal.......................	29,500,000	29,000,000	- 500,000
(Obligations)...................	(30,968,000)	(30,469,000)	(- 499,000)

	1979 Estimate	1980 Estimate	Increase or Decrease
5. Special Endowments:			
a. Wayne Morse Chair of Law and Politics........................	---	---	---
(Obligations)...................	($ 478,000)	---	(-$ 478,000)
b. Hubert Humphrey Institute......	5,000,000	---	- 5,000,000
c. Everett Dirksen Center.........	2,500,000	---	- 2,500,000
Subtotal........................	7,500,000	---	- 7,500,000
(Obligations)...................	(7,978,000)	---	(- 7,978,000)
Total budget authority....	395,700,000	$ 349,080,000	-46,620,000
(Obligations).............	(397,646,000)	(350,549,000)	(-47,097,000)

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Grants, subsidies, and contributions...	$ 395,700,000	$ 349,080,000	-46,620,000
Total budget authority by object..........................	395,700,000	349,080,000	-46,620,000
(Obligations)......................	(397,646,000)	(350,549,000)	(-47,097,000)

Significant Items in House and Senate Appropriations Committees Reports

Item	Action taken or to be taken
1979 House Report	
Renovation grants	
1. The Committee directed the Secretary to submit a report to it, by December 31, 1978, providing estimates of the costs involved in removing architectural barriers for handicapped persons in federally assisted programs. Such estimates should include all institutions affected by Section 504, not just educational systems.	1. Two studies have been contracted to assess the costs associated with compliance with Section 504. One of the studies will develop cost estimates involved in removing architectural barriers for handicapped persons in all HEW-funded programs. The other study which focuses exclusively on higher education will produce more specific data on the institutional cost of making structural and other required changes. Because of the time involved in collecting these data, final results will not be available until April or May of 1979. The findings will be provided to the Committee as soon as they become available.
1979 Senate Report	
Renovation grants	
1. The Committee directed the Secretary to submit a report to it, by November 30, 1978, providing more specific data about the financial needs for compliance with Section 504 regulations for all recipients of HEW funds. The data should include estimated costs, definitions of accessibility, and procedures to be followed in awarding any funds that might be appropriated for this program.	1. The determination of costs required by Section 504 requires many months of design, contracting, and field work with hundreds of institutions. Although design work was initiated in 1977, the final results of the two HEW studies to assess the cost of compliance with Section 504 will not be available until April or May of 1979. One study will provide estimates of the cost of achieving program accessibility among all HEW-funded programs. The other study will provide more detailed data on the cost to institutions of higher education of making structural and other required changes. The findings will be provided to the Committee as soon as they become available.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Higher and Continuing Education:				
1. Student services:				
a. Special programs for the disadvantaged (HEA, Section 417) 1/	$200,000,000	$140,000,000	$200,000,000	$130,000,000
b. Veterans' cost of instruction (HEA, Section 420) 1/	Indefinite	19,000,000	Indefinite	14,380,000
c. Educational information centers (HEA, Section 418) 1/	40,000,000	3,000,000	40,000,000	---
2. Program development:				
a. Strengthening developing institutions (HEA, Title III) 1/	120,000,000	120,000,000	120,000,000	120,000,000
b. Cooperative education (HEA, Title VIII)	28,000,000 2/	15,000,000	28,000,000 2/	15,000,000
c. International education and foreign language studies:				
(1) Centers, fellowships and research (National Defense Education Act, Title VI) 1/	75,000,000	17,000,000	75,000,000	18,000,000
(2) Fellowships, group projects and research abroad (Mutual Educational and Cultural Exchange Act of 1961)	Indefinite	3,000,000	Indefinite	4,000,000
d. University community services and continuing education (HEA, Title I, Part A) 1/	40,000,000	16,000,000	40,000,000	---
e. State postsecondary education commissions (HEA, Sections 1202 and 1203) 1/	Indefinite 3/	3,500,000	Indefinite 3/	---
f. Aid to land-grant colleges (Second Morrill Act)	2,700,000	2,700,000	2,700,000	2,700,000
3. Graduate support:				
a. Graduate/professional educational opportunities (HEA, Title IX, Parts A and B) 1/	50,000,000 4/	8,000,000	50,000,000 4/	15,000,000
b. Legal training for the disadvantaged (HEA, Title IX, Section 966) 1/	Indefinite	1,000,000	Indefinite	1,000,000
c. Public service grants and fellowships (HEA, Title IX, Parts A and C) 1/	50,000,000 5/	4,000,000	50,000,000 5/	---

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
d. Mining fellowships (HEA, Title IX, Section 961) 1/........	Indefinite 6/	$4,500,000	Indefinite 6/	---
e. Law school clinical experience (HEA, Title XI) 1/...........	$7,500,000	2,000,000	$7,500,000	---
4. Construction:				
a. Interest subsidy grants (HEA, Title VII, Part C, Section 745) 7/........	Indefinite	29,000,000	Indefinite	$29,000,000
b. Continuing education centers (HEA, Title VII, Part A, Section 705) 1/	Indefinite	500,000	Indefinite	---
5. Special endowments:				
a. Hubert Humphrey Institute (H.H.H. and E.M.D. Assistance Act, Section 4(a))	5,000,000 8/	5,000,000	---	---
b. Everett Dirksen Center (H.H.H. and E.M.D. Assistance Act, Section 4(b))...................	2,500,000 9/	2,500,000	---	---
Unfunded authorizations:				
Lifelong learning (HEA, Title I, Part B) 1/................	40,000,000	---	40,000,000	---
Service learning centers (HEA, Title IV, Subpart [illegible] Section 417B, Subsection (5) 1/.....	10/	---	10/	---
Payments to institutions of higher education (HEA, Title IV, Subpart 6, Section 419)	Indefinite	---	Indefinite	---
Grants for construction, reconstruction, and renovation of undergraudate academic facilities (HEA, Title VII, Part A) 1/....................	11/	---	11/	---
Assistance in major disaster areas (HEA, Title VII, Part D) 1/....................	Indefinite	---	Indefinite	---
Establishment and expansion of community colleges: (1) Statewide plans (HEA, Title X, Section 1001) 1/ and (2) Expansion (HEA, Title X, Section 1011) 1/......................	15,700,000 150,000,000	--- ---	15,700,000 150,000,000	--- ---

	1979 Amount Authorized	1979 Estimate	1979 Amount Authorized	1980 Estimate
College teacher fellowships (HEA, Title IX, Part B) 1/.................	Indefinite	---	Indefinite	---
Interstate cooperative postsecondary education projects (HEA, Section 1203, Subsection (c)) 1/.........	$2,000,000	---	$2,000,000	---
Total BA....................		$395,700,000		$349,080,000
Total BA Against Definite Authorization....		$335,200,000		$300,700,000

1/ The authorization for those programs expires September 30, 1979. Section 414 of the General Education Provisions Act extends the authorization for one year.

2/ Includes $3,000,000 for grants and contracts for demonstration, training, and research. Appropriation language proposed to increase this limitation to $8,000,000 for fiscal year 1980.

3/ Indefinite authorization for Section 1202 and Subsections (a) and (b) of Section 1203.

4/ $50,000,000 for grants to institutions, plus such sums as necessary for up to 7,500 fellowships.

5/ $50,000,000 for grants to institutions, plus such sums as necessary for up to 500 fellowships.

6/ Such sums as necessary for up to 500 fellowships.

7/ Although the authority to make new awards under this program expires in fiscal year 1979, payments on prior year obligations are mandatory until the loans are retired.

8/ Total authorization is $5,000,000.

9/ Total authorization is $2,500,000.

10/ Grants shall not be made to programs authorized under Clause (5) of Subsection (b) in any fiscal year in which the amount appropriated for carrying out this Subpart is less than $70,331,000.

11/ $300,000,000 is the combined authorization for Parts A and E.

Higher and Continuing Education

Year	Budget Estimate to Congress 1/	House Allowance	Senate Allowance	Appropriation
1970	$ 81,000,000	$120,000,000	$125,000,000	$109,171,000
1971	89,850,000	135,000,000	145,000,000	130,450,000
1972	154,150,000	135,000,000	154,000,000	153,823,000
1973	150,800,000	135,000,000	250,000,000	221,179,000
1974	214,608,000	250,608,000	277,108,000	252,360,000
1975	201,831,000	237,581,000	221,931,000	229.581,000
1976	199,081,000	226,831,000	232,831,000	231,581,000
Transition Quarter	---	---	---	---
1977	231,881,000	246,550,000	252,250,000	249,400,000
1978	249,131,000	266,250,000	281,750,000	338,500,000
1979	371,500,000	390,000,000	394,000,000	393,000,000
1980	346,380,000			

1/ Excludes $2,700,000 permanent appropriation for land-grant colleges under the Second Morrill Act.

Justification:
Higher and Continuing Education

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Student Services:			
a. Special programs for the disadvantaged................	$140,000,000	$130,000,000	-$10,000,000
b. Veterans' cost of instruction..................	19,000,000	14,380,000	- 4,620,000
c. Educational information centers......................	3,000,000	---	- 3,000,000
Subtotal	162,000,000	144,380,000	- 17,620,000
2. Program Development:			
a. Strengthening developing institutions.................	120,000,000	120,000,000	---
b. Cooperative education........	15,000,000	15,000,000	---
c. International education and foreign language studies:			
(1) Centers, fellowships and research............	17,000,000	18,000,000	+ 1,000,000
(2) Fellowships, group projects and research abroad..................	3,000,000	4,000,000	+ 1,000,000
d. University community services and continuing education....................	16,000,000	---	- 16,000,000
e. State postsecondary education commissions.......	3,500,000	---	- 3,500,000
f. Aid to land-grant colleges..	2,700,000	2,700,000	---
Subtotal	177,200,000	159,700,000	- 17,500,000
3. Graduate Support:			
a. Graduate/professional educational opportunities....	8,000,000	15,000,000	+ 7,000,000
b. Legal training for the disadvantaged................	1,000,000	1,000,000	---
c. Public service grants and fellowships...................	4,000,000	---	- 4,000,000
d. Mining fellowships...........	4,500,000	---	- 4,500,000
e. Law school clinical experience..................	2,000,000	---	- 2,000,000
Subtotal......................	19,500,000	16,000,000	- 3,500,000
4. Construction:			
a. Interest subsidy grants......	29,000,000	29,000,000	---
b. Continuing education centers.	500,000	---	- 500,000
Subtotal......................	29,500,000	29,000,000	- 500,000
5. Special Endowments:			
a. Hubert Humphrey Institute....	5,000,000	---	- 5,000,000
b. Everett Dirksen Center.......	2,500,000	---	- 2,500,000
Subtotal......................	7,500,000	---	- 7,500,000
Total budget authority..	395,700,000	349,080,000	- 46,620,000

General Statement

The removal of financial barriers to postsecondary education is insufficient by itself to guarantee equal educational opportunity because other factors, such as motivation and skills and institutional characteristics, also influence the opportunities available to various individuals and groups in society to obtain postsecondary education. In order to address factors other than financial limitations, programs under Higher and Continuing Education are supported as part of the Federal mission to expand access to quality education. The programs provide funds to both institutions and individuals with the intent of complementing the Federal student financial assistance programs.

Special Programs for the Disadvantaged are designed to expand access opportunities for disadvantaged students by preparing and encouraging them to enroll in postsecondary education programs. These programs also encourage retention of disadvantaged postsecondary students through tutoring, counseling, and other supportive services that will assist them in successfully completing their postsecondary education. Two new programs addressing the dual needs of access and retention are proposed for 1980. New Concept Special Services is focused on increasing the number of disadvantaged students who graduate from college and enter postgraduate school. Special Emphasis Upward Bound is targeted on increasing the number of disadvantaged high school students who prepare for careers in the physical sciences. The last program complements a new program, Biomedical Sciences, proposed for funding under the Special Projects and Training Account to identify disadvantaged students at the secondary level interested in entering the biomedical fields and to assist them in entering college to pursue such courses of study.

In order to assist colleges and universities to recruit Vietnam-era veterans and meet their special educational needs, the Veterans' Cost of Instruction program will maintain a constant level of support per eligible veteran. The reduction in funding is a result of the decline in the number of eligible veterans to be served.

In recognition of the lack of access in the past to graduate and professional education for minorities and women, the Graduate/Professional Educational Opportunities program provides fellowships to help students from these groups prepare for careers in areas where they are underrepresented. In addition, this program provides grants to institutions to support recruitment, retention, and placement services for fellowship recipients. Another program focusing on career development is Legal Training for the Disadvantaged which provides both fellowships to guarantee access and support activities designed to improve the retention of disadvantaged students training for the legal profession.

The Strengthening Developing Institutions program provides financial support to improve the financial management and the educational quality to a segment of the higher educational community which has long devoted itself to meeting the special needs of disadvantaged and minority students. Disadvantaged students frequently find the supporting environments of these institutions a prerequisite to their successful completion of a collegiate program.

In addition to these programs that focus on providing supportive services to disadvantaged students, the budget includes support for programs designed to stimulate educational institutions to develop and expand quality education programs for all students.

To increase institutional commitment to participation in cooperative education and to make it available to all students who can benefit from it, a major new thrust is proposed for the Cooperative Education program which provides students with the opportunity to gain work experience related, as far as practicable, to their academic or career objectives. Comprehensive demonstration grants will be awarded to large, urban institutions to plan, develop, and expand institution-wide cooperative education programs and to develop structural linkages between institutions of higher education and a variety of employers in business, industry, and public service.

The International Education and Foreign Language Studies program will expand its efforts to increase the awareness of the American public and students about international concerns, as well as increase its commitment to foster international academic exchange and mutual understanding. Support will be continued for those activities which strengthen teaching, research, and dissemination in modern foreign languages, area studies, and international affairs.

The Interest Subsidy Grants program will continue to pay interest subsidies on commercial loans for construction projects approved in prior years.

The permanent appropriation for the Aid to Land-Grant Colleges program will continue to provide funds to those eligible States and territories which allot grants to institutions of higher education to support instruction in agriculture and the mechanic arts.

No funds are requested for Public Service and Mining Fellowships because the high interest exhibited by the general population in these career areas has eliminated the need for further Federal stimulation. Funds are not requested for University Community Services and Continuing Education or for State Postsecondary Education Commissions because the activities supported by these programs are primarily a State and local responsibility. Furthermore, no request for funds are made for Educational Information Centers which duplicate services offered by other Office of Education programs or the Law School Clinical Experience program which supports a concept that has been amply demonstrated by private groups and remains an institutional responsibility to implement.

A total request of $349 million for Higher and Continuing Education is proposed for 1980 in order to help bring high quality postsecondary education within the reach of all Americans.

1. Student Services: a. Special Programs for the Disadvantaged (Higher Education Act, Title IV, Section 417)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
50	$140,000,000	$200,000,000	58	$130,000,000	-$10,000,000

Purpose and method of operations

To encourage and assist low-income youths who have potential to enter, continue, or resume postsecondary educational activities, grants are awarded to institutions for programs which: a) identify qualified youths of financial or cultural need with exceptional potential for postsecondary educational training and encourage them to complete secondary school so they might undertake postsecondary educational training; b) conduct a preparatory program directed toward young people from low-income backgrounds with inadequate academic preparation at the secondary school level, in order to generate the skills and motivation necessary for success in postsecondary education; c) provide remedial and other supportive services for postsecondary students with academic potential who are disadvantaged because of their educational, cultural, or economic backgrounds or who are physically handicapped; d) provide an information service concerning financial and academic assistance available for postsecondary education. These activities support the access efforts of Federal student assistance programs.

These are discretionary forward funded grant programs. In national competition, proposals are submitted by institutions of postsecondary education, combinations of such institutions, public and private agencies and organizations (including scholarly and professional associations), and, in exceptional cases, secondary and postsecondary vocational schools. A panel of outside consultants reviews proposals and makes recommendations for funding to the Commissioner. In addition, contracts for training projects to provide professional development activities for staff and leadership personnel working in projects funded through programs for students from disadvantaged backgrounds are awarded on the basis of national competition.

1980 budget policy

To provide services that focus upon the equalization of educational opportunities for an estimated 494,500 students from disadvantaged backgrounds, including those of financial, educational and cultural need, those with physical handicaps, and those of limited English-speaking ability, $130 million is requested for fiscal year 1980. Although $10 million below the 1979 appropriation, the 1980 request represents a $15 million increase above the 1979 request and reflects a funding level of $45 million, or 53 percent, above the 1977 appropriation. Because of this recent dramatic growth, the program is able to absorb a reduction in funding as it seeks to strengthen effective projects and fund new priorities while terminating less successful projects. Decreases in funding levels to approximately the 1978 level are proposed for the traditional Upward Bound and Special Services programs. These reductions, however, are partially offset by the 1980 request for funds for two new priorities: Special Emphasis Upward Bound projects and New Concept Special Services projects.

A total of $5 million is requested to initiate 25 Special Emphasis Upward Bound projects targeted on identifying and encouraging those disadvantaged high school students who will then pursue careers in engineering, chemistry, physics, etc. A total of $5 million also is requested to initiate 34 New Concept Special Services projects designed to increase the number of disadvantaged students who graduate from college and are qualified to pursue a wider range of post-graduate study.

In addition, the 1980 request proposes level funding for Talent Search, Educational Opportunities Centers, and Institutional Staff Training.

1. Special Emphasis Upward Bound: A total of 25 new projects will be funded to identify and encourage approximately 2,700 selected disadvantaged secondary school students to prepare for those careers in the physical sciences where they are underrepresented. These projects provide intensified work in science, mathematics and communication skills during the academic year, and special summer residential programs emphasizing a particular scientific discipline, to prepare students for postsecondary study. The following table shows the distribution of funds for this activity:

	1978 Actual	1979 Estimate	1980 Estimate
Federal dollars	---	---	$5,000,000
Number of students	---	---	2,700
Cost per student	---	---	1,825
Number of projects	---	---	25
Cost per project	---	---	$ 200,000

2. Upward Bound: In fiscal year 1980, the Upward Bound program will continue to stress access by providing activities which develop motivation and the academic and personal skills necessary to prepare students to pursue successfully postsecondary education. A reduction in the number of projects supported will be accomplished by funding only the most promising and successful projects. The following table shows the distribution of funds for this activity:

	1978 Actual	1979 Estimate	1980 Estimate
Federal dollars	$50,033,542	$61,000,000	$51,000,000
Number of students	40,645	49,553	41,430
Cost per student	$ 1,231	$ 1,231	$ 1,231
Number of projects	380	467	390
Cost per project	$ 131,700	$ 130,600	$ 130,700

3. New Concept Special Services: To increase the number of disadvantaged students who graduate from college and enter a wider range of graduate and professional schools, 34 New Concept Special Services projects providing broader and more comprehensive support services will be supported in 1980. Project emphasis is on expanding existing student services available to disadvantaged students to include earlier orientation to academic requirements, more extensive career exploration, intensified basic skills work in science, mathematics, and communication, academic enrichment programs utilizing faculty members as role models, and integrated academic and personal guidance and counseling services. These new projects will focus on strengthening and expanding the traditional, institution-wide student services programs to make them more responsive and supportive to the individual educational needs of students from a variety of backgrounds

	1978 Actual	1979 Estimate	1980 Estimate
Federal dollars	---	---	$5,000,000
Number of students	---	---	8,334
Cost per student	---	---	$ 600
Number of projects	---	---	34
Cost per project	---	---	$ 147,000

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4. **Special Services for the Disadvantaged**: This program focuses on postsecondary students with educational, cultural, or economic need, those with physical handicaps, and those of limited English-speaking ability who need remedial and supportive services to enable them to complete successfully a program of postsecondary education. In 1980, a reduction in the number of projects supported will be accomplished by targeting funds on the most effective and committed programs. The following table shows the distribution of funds for this activity:

	1978 Actual	1979 Estimate	1980 Estimate
Federal dollars	$45,265,540	$55,000,000	$45,000,000
Number of students	138,851	168,711	138,037
Cost per student	$ 326	$ 326	$ 326
Number of projects	487	589	484
Cost per project	$ 93,000	$ 93,000	$ 93,000

5. **Talent Search**: Emphasizing access for youths in gaining a postsecondary education, the Talent Search program will continue in fiscal year 1980 at the 1979 funding level to identify and encourage qualified students with financial or cultural need to enroll in postsecondary programs, by providing counseling services which offer information about educational career options and available student financial assistance. Projects will be encouraged to contact students at an earlier age and to provide earlier academic counseling with a view to students being prepared for a broader choice of postsecondary opportunities. The following table shows the distribution of funds for this activity:

	1978 Actual	1979 Estimate	1980 Estimate
Federal dollars	$12,454,602	$15,300,000	$15,300,000
Number of students	166,061	204,000	204,000
Cost per student	$ 75	$ 75	$ 75
Number of projects	131	160	160
Cost per project	$ 95,000	$ 95,600	$ 95,600

6. **Educational Opportunity Centers**: Offering both access and retention activities, Educational Opportunity Centers will continue in fiscal year 1980 at the 1979 level to provide counseling and information services to prospective students prior to postsecondary enrollment, and tutoring services for students during postsecondary enrollment. In 1980, increased emphasis will be placed on serving the adult learner. The following table shows the distribution of funds for this activity:

	1978 Actual	1979 Estimate	1980 Estimate
Federal dollars	$5,246,316	$6,300,000	$6,300,000
Number of students	83,275	100,000	100,000
Cost per student	$ 63	$ 63	$ 63
Number of projects	22	27	27
Cost per project	$ 238,000	$ 233,000	$ 233,0[illegible]

7. **Institutional Staff Training**: To increase the effectiveness of program operations, the 1980 request continues to support Staff Training Institutes. These institutes provide professional development activities designed to help project staff increase their skills and effectiveness as teachers, counselors, and academic advisors for disadvantaged students.

	1978 Actual	1979 Estimate	1980 Estimate
Federal dollars	$2,000,000	$2,400,000	$2,400,000
Number of participants	1,600	2,000	2,000
Number of contracts	1	1	1

1. Student Services: b. Veterans' Cost of Instruction
(Higher Education Act, Title IV, Section 420)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
13	$19,000,000	Indefinite	13	$14,380,000	-$4,620,000

Purpose and method of operations

To encourage colleges and universities to serve the special educational needs of Vietnam-era veterans, with emphasis upon the educationally disadvantaged, grants to postsecondary institutions are awarded to carry out special programs. Payments are based on the number of veterans receiving vocational rehabilitation assistance or veterans' educational assistance for undergraduate study, and the number of veterans who have participated in special predischarge or remedial programs. The institution, in return, must establish and maintain a full-time office of veterans' affairs to provide counseling and tutorial services, outreach and recruitment activities, and special programs for educationally disadvantaged veterans. Institutions with 2,500 or fewer students are required only to establish a full-time office of veterans' affairs and provide recruitment and counseling services.

To enter the program, institutions must have a minimum of 25 enrolled veterans. An institution entering the program must also show that its veteran enrollment represents 110 percent of the previous year's veteran enrollment or that its veteran enrollment constitutes ten percent of the total number of undergraduates at the institution. To remain eligible to participate in the program, an institution must maintain its veteran enrollment at 100 percent of the previous year's enrollment. On May 31, 1976, post-Korea veterans lost their eligibility for educational benefits under the G.I. Bill. The Education Amendments of 1976 allowed these institutions to subtract the number of veterans affected by this termination of eligibility from their previous required enrollment figure, thus allowing more institutions to maintain eligibility in the program. An amendment attached to the Alcohol and Drug Abuse Education Amendments of 1978 provided for two additional methods whereby participating institutions can retain eligibility to continue in the program. The first method uses a ratio criterion which allows an institution to be eligible if the decline in its veteran enrollment, from its first year in the program to the present, is no more than the national average of decline over the same period. If an institution fails to become eligible under this first method, it may be declared eligible upon the Commissioner's determination that the institution is making reasonable efforts to recruit, enroll, and provide necessary services to veterans. This determination is based on evidence presented by the institution and takes into consideration the extent to which the institution falls short of the ratio criterion used in the first method.

At full funding, the institution would be "entitled" to a payment of $300 for each undergraduate veteran enrolled full time, and to a bonus payment of $150 for each full-time enrolled veteran who has been the recipient of certain benefits designed to assist the educationally disadvantaged veteran. These "entitlements" are prorated down to the levels of funds appropriated. The program is forward funded; that is, funds appropriated in one fiscal year support services to veterans during the next academic year. Proprietary institutions and schools of religion may not participate in the program.

1980 budget policy

To continue the policy of encouraging institutions to assist veterans to enroll and graduate from postsecondary institutions, grants will be awarded to all eligible institutions.

In fiscal year 1980, an estimated 1,050 institutions enrolling 280,000 veterans are expected to participate, receiving a payment of approximately $50 per eligible veteran, the same as estimated for 1979. This compares with 1,075 eligible institutions enrolling 331,000 veterans who will participate in the program in fiscal year 1979.

	1979 Estimate	1980 Estimate
Number of enrolled veterans reported for qualifications and payment...........................	331,000	280,000
Number of institutions...............	1,075	1,050

While a constant level of support per student is maintained, the overall cost is reduced in fiscal year 1980 below the prior year by $4.620 million. This cost reduction is due to declining eligible veteran enrollment. With each passing year since the end of active involvement of the Armed Forces in Vietnam, the number of veterans with education benefits is reduced and the number of enrolled eligible veterans has continued to decline. Therefore, the ability of institutions to remain eligible for this program also has declined. Even with the recently enacted relaxed eligibility criteria, fewer institutions are expected to participate in the program.

1. Student Services: c. Educational Information Centers
(Higher Education Act, Title IV, Part A, Subpart 5)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$3,000,000	$40,000,000	---	---	-$3,000,000

Purpose and method of operations

To plan, establish, and operate centers to provide educational information, guidance, counseling, and referral services for all individuals including residents of rural areas, this program provides grants to States. An Educational Information Center is an institution or agency, or combination of institutions or agencies, organized to provide services to a population in a geographical area which will afford all persons living within the area reasonable access to the services of the Center. Services include providing information about postsecondary education and training programs and procedures and requirements for applying and gaining acceptance to such programs; providing information about Federal, State, and other financial assistance; offering competency-based learning opportunities; and providing remedial or tutorial services designed to prepare persons for postsecondary education opportunities or training programs.

Grants covering up to two thirds of project costs are made to States who have submitted plans which have been approved by the Commissioner. Funding is then allocated to each participating State in an amount which bears the same ratio to the appropriation as the population of that State bears to the total population of all States receiving grants under the program. However, subject to the availability of funds, no State receives less than $50,000. This program is forward funded.

1980 budget policy

No funds are requested for this program for fiscal year 1980 since Educational Information Centers offer basically the same services provided by a number of other Office of Education programs. For example, within TRIO: Talent Search provides information on existing forms of student financial aid; Educational Opportunity Centers provide information on financial and academic assistance, as well as guidance and counseling services; and Special Services for Disadvantaged Students provide guidance and counseling to students to help them continue their postsecondary education. In addition, institutions receiving funds appropriated under the Student Assistance Account to support Work-Study, Supplemental Educational Opportunity Grants, and National Direct Student Loan programs may use a portion of these funds to disseminate information on available educational programs and student financial assistance. Further, States receive grants to publicize and train staff in student financial assistance and there is an administrative set-aside within the Student Assistance Account which includes funds for Office of Education sponsored training of student financial aid officers and the distribution of materials about student financial aid.

In fiscal year 1979, the $3,000,000 appropriation provides grants of at least $50,000 to all States submitting approved plans. An estimated 50 of the 57 eligible jurisdictions are expected to apply for and receive grants.

2. Program Development: a. Strengthening Developing Institutions
(Higher Education Act, Title III)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
53	$120,000,000	$120,000,000	53	$120,000,000	---

Purpose and method of operations

To strengthen academic programs, administrative and management capabilities, student services, and fiscal operations of institutions which have the desire and the potential to make a substantial contribution to the higher education resources of the Nation but which are struggling for survival and are isolated from the main currents of academic life, discretionary grants are authorized. The program goal is to provide supplemental financial assistance that will assist developing institutions to initiate or expand activities which move them toward a greater participation in the mainstream of American higher education so that they might, on the basis of an education of good quality, reasonably compete for students and external financial resources. Awards focus on efforts to improve the quality of curriculum, faculty development, student services administration, fiscal capability and other general areas of institutional operations in administration and management. Of the total amount appropriated, 76 percent is for institutions awarding bachelor's degrees ("four-year institutions") and 24 percent is for institutions awarding less than the bachelor's degree ("two-year institutions").

Institutions may participate either as direct grantees or as members of consortia. To be eligible, they must 1) be an institution of higher education; 2) have been in existence, with some exceptions, for at least five years prior to the year of application for assistance; 3) be accredited or making reasonable progress toward accreditation; 4) be struggling for survival and isolated from the main currents of academic life defined by such factors as high proportions of low-income students, have limited program offerings, and face financial limitations which restrict both the expansion of services and the improvement of institutional quality; 5) possess the desire and potential to make a substantial and distinctive contribution to the higher educational resources of the Nation: 6) have made a reasonable effort in the three preceding years to improve its overall academic and administrative capacity and to improve the quality of its administrative and instructional staff and its student services through concrete steps; and 7) be designated by the Commissioner of Education as a "developing institution" and thus eligible to compete for these discretionary funds.

The general requirement that institutions must have existed for five consecutive years before the year of the application for funds may be waived in the case of an institution located on or near an Indian reservation or a substantial Indian population, or for three of the five years for an institution which serves a significant Spanish-speaking population.

To improve service to grantee institutions, new Proposed Rules for the Strengthening Developing Institutions program, published November 2, 1978, combine the Basic and Advanced components into a single program. This change makes possible a single application form; commonality in monitoring, evaluating, and reporting; uniform program administration; and more flexible funding for grantee institutions.

Institutions first must submit an application for designation as a developing institution. There are two main factors used to determine eligibility. One factor is the Basic Educational Opportunity Grant (BEOG) dollars awarded per full-time equivalent undergraduate student. A total of two hundred points are awarded for this factor. The higher the average BEOG award, the higher the number of points awarded. The second factor is the educational and general expenditure per full-time equivalent undergraduate student. Up to one hundred points are awarded for this factor. The higher this expenditure, the lower the number of points awarded. An institution is designated as a developing institution if it receives a sum of 175 or more points on these two scales. It is estimated that 1,000 institutions (approximately one-third of all two-and four-year colleges) will be eligible to apply for a grant.

After being approved as a developing institution, the college may then submit an application for funds in a national competition. Three types of awards are made through cooperative arrangements: 1) one-year awards (subject to a maximum of two renewals) to refine institutional mission and goals and to develop long-range plans for achieving academic goals and to strengthen institutional management, or both; 2) grants up to three years' duration to support the development and short-term implementation of any of those activities that clarify institutional goals, improve administrative services and fiscal management, promote faculty development, strengthen student services, improve the curriculum, and develop innovative academic programs; and 3) grants up to five years' duration to support implementation of long-range programs to improve an institution financially and to strengthen its management. These one to five year grants are awarded out of a single year appropriation.

Applications are reviewed by professional consultants selected from the academic community for their expert knowledge of problems and needs of developing institutions. Applications are evaluated against published, weighted funding criteria in terms of quality (100 points). Those applications which receive a minimum of 50 points are evaluated by program staff against weighted program priorities (100 points). Funding decisions are distributed according to rank order until funds are totally obligated.

1980 budget policy

To continue to fully fund this program, the 1980 budget requests $120,000,000. This request will fund approximately 300 awards to institutions. An estimated 70 one-year planning grants, averaging $40,000, will be supported in 1980 to permit those institutions without a current long-range plan to develop this planning capacity. A total of 190 grants up to three years' duration, ranging from $100,000 to $1,000,000, will be awarded to institutions to support the development and short-term implementation of activities that clarify institutional goals, improve administrative services and fiscal management, strengthen student services, improve the curriculum, promote faculty development, and/or develop innovative academic programs. In addition, approximately 40 awards up to five years' duration ranging from $250,000 to $3,000,000 will be made to enable this select group of institutions to implement long-range programs designed to improve the institution financially and to strengthen internal management.

In 1979, the first year that the program will operate under revised regulations, the $120,000,000 appropriation will support approximately 300 awards. Of these awards, an estimated 50 one-year planning grants will be supported. In addition, approximately 230 grants up to three years' duration and 20 grants up to five years' duration will be awarded.

Supplemental Fact Sheet

Strengthening Developing Institutions

	1978	1979	1980
Old regulations:			
Basic program (one-year grants)			
No. of two-year institutions	82	---	---
B.A.	$ 12,480,000	---	---
No. of four-year institutions	160	---	---
B.A.	$ 39,520,000	---	---
Subtotal, awards	242	---	---
Subtotal	$ 52,000,000	---	---
Advanced program (up to five-year grants)			
No. of two-year institutions	19	---	---
B.A.	$ 16,320,000	---	---
No. of four-year institutions	39	---	---
B.A.	$ 51,680,000	---	---
Subtotal, awards	58	---	---
Subtotal	$ 68,000,000	---	---
Total awards	300	---	---
Total B.A.	$120,000,000	---	---
New regulations:			
One year planning grants	---	50	70
Average cost	---	$ 40,000	$ 40,000
B.A.	---	$ 2,000,000	$ 2,800,000
Short-term implementation grants up to three years	---	230	190
Range of awards	---	$100,000 to $ 1,000,000	$100,000 to $ 1,000,000
B.A.	---	$ 93,000,000	$ 77,200,000
Long-term implementation grants up to five years	---	20	40
Range of awards	---	$250,000 to $ 3,000,000	$250,000 to $ 3,000,000
B.A.	---	$ 25,000,000	$ 40,000,000
Total awards	---	300	300
Total B.A.	---	$120,000,000	$120,000,000

2. Program Development: b. Cooperative Education
(Higher Education Act, Title VIII)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
9	$15,000,000	$28,000,000	14	$15,000,000	---

Purpose and method of operations

To help institutions of postsecondary education plan, establish, expand, or carry out cooperative education programs, discretionary grants are awarded to institutions for programs developed in cooperation with business, industry, and nonprofit organizations. The programs provide alternating periods of academic study and public or private employment offering students the opportunity to gain work experience related, as far as practicable, to their academic or career objectives. In addition, support for training in the administration of cooperative education programs, for research directly related to the improvement of such programs, and for projects demonstrating or exploring the feasibility or value of innovative methods of cooperative education is authorized.

Salaries for students employed under the program may not be paid from this source. No institution may receive Federal support for administration grants for more than five years. The Federal share of expenses is mandated by law on a declining schedule of 100 percent the first year, 90 percent the second year, 80 percent the third year, 60 percent the fourth year, and 30 percent the fifth year. Grantees, including those supported on a continuing basis, must compete for awards annually in national competition. A panel of educators and co-op employers from business, industry, and nonprofit agencies reviews applications and makes recommendations to the Commissioner for funding or rejection. This program of grants or contracts is forward-funded.

1980 budget policy

To bring together the worlds of education and work, a major new thrust is proposed for fiscal year 1980 to increase institutional commitment to cooperative education and to make it available to all students who can benefit from it. Seven demonstration grants averaging $1,000,000 will be awarded to large urban institutions. Funds for these demonstration grants will be expended over a three-year period in order to provide institutions sufficient time to plan, develop, and expand large-scale, institution-wide cooperative education programs. It is expected that these large grants will be used to establish institution-wide cooperative education offices closely involving faculty and administrators in all departments and actively recruiting students. In addition, these grants will be used to develop structural linkages between institutions of higher education and a variety of employers in business, industry, and public service in order to create long-term resources for, and commitments to, cooperative education. These enlarged programs also are expected to work closely with high school level cooperative education programs, as well as with existing departmental work-study programs on the college campus.

In order to accomplish the major new thrust in Cooperative Education, the 1980 budget proposes language that would allow up to $8 million to fund demonstrations, research, and training. This language would permit the program to exceed the current authorized level by $5 million.

In addition, the fiscal year 1980 request will fund:

- 24 larger, new administration grants averaging $125,000 to newly participating institutions to plan and establish cooperative education programs across several departments and to develop linkages with high school programs;

- 72 continuation administration grants averaging $60,000 to the strongest and most committed institutions;

- eight projects averaging $50,000 to provide training to help faculty and administrators undertake the new, expanded co-op initiatives and to disseminate information about innovative ideas and practices;

- two research projects totaling $250,000 to study effective strategies for developing appropriate and ongoing work-related educational experiences in urban areas and to evaluate the long-range benefits of cooperative education for students in a variety of careers.

To begin the transition to the larger grants proposed for fiscal year 1980, the $15,000,000 fiscal year 1979 appropriation will fund:

- three large grants averaging $500,000 using the demonstration authority for the first time, in order to provide a trial run for the large three-year projects planned for 1980;

- 35 larger, new administration grants averaging $50,000;

- 170 continuation administration grants averaging $60,000 to those institutions showing the strongest commitment to cooperative education. In 1979, an estimated 50 institutions will exhaust their eligibility to participate in the program.

- four research projects totaling $300,000 to collect and disseminate information on successful cooperative education programs' practices and models that could be incorporated into the demonstration projects planned for 1980;

- 16 training projects totaling $1,200,000 to provide co-op directors, faculty, and business people throughout the country with information on how to expand co-op programs to serve increasing numbers of students. The recently completed evaluation of the Cooperative Education program showed that cooperative education becomes cost beneficial when the number of students exceeds 200 per institution. Currently, the majority of co-op programs are small, with only 200,000 students throughout the country participating.

Supplemental Fact Sheet

Cooperative Education

	1978	1979	1980
Administration projects:			
New awards	51	35	24
Average award	$43,000	$50,000	$125,000
Cost	$2,205,000	$1,750,000	$3,000,000
Continuing awards	244	170	72
Average award	$47,000	$60,000	$60,000
Cost	$11,488,000	$10,250,000	$4,350,000
Total			
Awards	295	205	96
Subtotal	$13,693,000	$12,000,000	$7,350,000
Demonstration projects:			
New awards	—	3	7
Average award	—	$500,000	$1,000,000
Subtotal	—	$1,500,000	$7,000,000
Research projects:			
New awards	6	4	2
Average award	$53,000	$75,000	$125,000
Subtotal	$320,000	$300,000	$250,000
Training projects:			
New awards	16	16	8
Average award	$62,000	$75,000	$50,000
Subtotal	$987,000	$1,200,000	$400,000
Total awards	317	228	113
Total B.A.	$15,000,000	$15,000,000	$15,000,000
Output measures:			
Estimated no. of students participating	88,000	80,000	90,000

2. Program Development: c. International Education and Foreign Language Studies
(1) Centers, Fellowships and Research
(National Defense Education Act, Title VI)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
16	$17,000,000	$75,000,000[1]	16	$18,000,000	+$1,000,000

[1] Authorization for this program expired in 1979; budget assumes one-year extension.

Purpose and method of operations

To strengthen American educational institutions' teaching, research, and dissemination activities in modern foreign languages, area studies, and international interdependence; and to stimulate locally designed educational programs to increase the understanding of students and the general public in the United States about the cultures, actions, and policies of other nations, programs of grants and contracts are provided.

Applications for grants and contracts under these programs are received from institutions of higher education, State and local education agencies, nonprofit education organizations, professional associations, educational consortia, organizations of teachers, and individual researchers. All new proposals are reviewed by panels of outside consultants who make recommendations to the Office of Education, which makes the final selection. This program is forward funded and some awards exceed 12 months.

1980 budget policy

To expand the important new cultural understanding program launched in fiscal year 1979 under the authority of Section 603, particularly for elementary and secondary and citizen education, and to initiate intensive summer training programs in key non-Western languages for specialists in area studies, $18,000,000 is sought. This policy will address the increasing importance of international affairs, critical foreign languages and world developments in economic and political interdependence.

Centers: Eighty awards for continuation of international studies centers, initially funded in 1979, will be supported in 1980 at level funding of $8,000,000. This program provides grants to higher education institutions, or consortia of such institutions, to establish and operate centers focusing on one world region or on general worldwide topics such as food, energy, population, etc. Up to 20 percent of awards will support centers with a primary focus other than foreign language and area studies and up to 20 percent of all awards will support undergraduate centers.

	1979 Estimate	1980 Estimate
Number of centers:		
New..	80	---
Continuation..................................	---	80
Average cost:		
New..	$ 100,000	---
Continuation..................................	---	$ 100,000
Total BA:		
New..	$8,000,000	---
Continuation..................................	---	$8,000,000

Fellowships: About 800 academic year foreign language and area studies fellowships (the same as in 1979) will be supported. In addition, 300 intensive summer language training fellowships will be funded at a total cost of $300,000. These fellowships, which are awarded to American students, will be targeted on those disciplines and world areas in which there is a critical shortage of trained personnel. The fields vary by world area.

	1979 Estimate	1980 Estimate
Foreign language/area fellowships:		
Number of awards	800	800
Average cost	$ 5,700	$ 5,700
Subtotal	$4,600,000	$4,600,000
Intensive summer language training fellowships:		
Number of awards	---	300
Average cost	---	$ 1,000
Subtotal	---	$300,000
Total BA	$4,600,000	$4,900,000

Exemplary programs: This program supports the revision and updating of curricula, the development of additional faculty expertise, and improvement of resources for international studies. Projects focus on developing international and comparative components in course offerings and new methods of teaching international studies. New starts will be at the undergraduate level. Graduate programs will be completed at the end of fiscal year 1979, as responsibilities for this activity are assumed by the international studies centers. One new consortium and three continuing consortia will also be funded. The table below shows the distribution of funds for this activity:

	1979 Estimate	1980 Estimate
Graduate programs:		
Continuing	7	---
Average cost	$ 43,000	---
Subtotal	$300,000	---
Undergraduate programs:		
New	10	10
Continuing	15	10
Total awards	25	20
Average cost:		
New	$ 40,000	$ 40,000
Continuing	$ 35,000	$ 40,000
Subtotal	$900,000	$800,000
Consortia:		
New	3	1
Continuing	---	3
Total awards	3	4
Average cost	$ 70,000	$ 70,000
Subtotal	$ 200,000	$ 300,000
Total BA	$1,400,000	$1,100,000

Research: $1,000,000 will be earmarked in 1979 and 1980 for providing 33 research grants to institutions of higher education, organizations, and individuals. Under the general term research, a number of important concerns will be addressed. Funds will be used to develop specialized materials to improve the teaching of foreign languages and related world area studies at all educational levels and to develop more effective teaching methods, as well as to underwrite studies and surveys on the needs and priorities in international studies.

	1979 Estimate	1980 Estimate
Number of awards..........................	33	33
Average cost..............................	$ 30,000	$ 30,000
Total BA..................................	$1,000,000	$1,000,000

Cultural Understanding Projects (Section 603): To focus attention on the importance of incorporating international and comparative dimensions into elementary and secondary education and to stimulate community dialogue on issues of international significance, $3,000,000 is requested to fund the cultural understanding program. Projects will be supported to identify innovative approaches to increasing cultural understanding of the policies and actions of other nations as they impact the United States.

Comprehensive projects will be supported, ranging in size from $100,000 to $400,000 apiece. In addition, school-based outreach projects will be supported. This represents an increase of $1,000,000 in this program over 1979. Funds under this program provide assistance for such activities as in-service training of teachers and other educational personnel, compilation of existing information and resources about other nations in forms useful to educational programs, and dissemination of information and resources, upon request, to educators and educational officials. Funds may support programs at all levels of education, as well as programs conducted as part of community, adult, and continuing education programs. Any public or private agency or organization or consortia of such groups is eligible to apply for funds.

Innovative approaches which might be investigated in 1980 include: 1) special summer courses to prepare elementary and secondary teachers to utilize a comparative approach to teaching and to provide them with the tools and sensitivity to incorporate multicultural material into their regular courses; 2) consortia involving professional and community organizations in the preparation for and organization of forums and other activities to engage citizens in discussing issues of worldwide concern; 3) awareness workshops for education administrators, education association representatives, school board members, public officials, and civic association representatives on the importance and feasibility of incorporating an international and multicultural focus into elementary, secondary, and adult education curricula; and 4) school-based outreach projects. These activities can also provide important links to other OE supported activities, such as magnet schools, ethnic heritage studies, bilingual education, etc.

In 1979, emphasis will include identification of promising school-based programs which illustrate successful ways to incorporate international dimensions into the regular school offerings. Selected schools could utilize grants to extend those approaches and to provide technical assistance to other schools. Additional efforts could focus on teacher training, community-based public dialogue, and assistance to State departments of education. Comprehensive cultural awareness projects will also be supported in 1979.

	1979 Estimate	1980 Estimate
Total B A	$2,000,000	$3,000,000

2. **Program Development: c. International Education and Foreign Language Studies (2) Fellowships, Group Projects, and Research Abroad (Mutual Educational and Cultural Exchange Act, Section 102(b)(6))**

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
8	$3,000,000	Indefinite	8	$4,000,000	+$1,000,000

Purpose and method of operations

To strengthen the capability of American education in those foreign languages, area studies, and global issues where there is greatest need to improve American understanding, individual fellowships and group projects are funded. To provide research and training opportunities abroad, support is provided for fellowships for faculty and doctoral dissertation research; group projects for research, training, curriculum development, and special bilateral projects between the United States and other countries. In addition, curriculum consultant services of foreign educators are supported to improve international and intercultural education in United States schools, colleges, and universities.

Grants are provided on a competitive basis to institutions of higher education, individual researchers, State and local education agencies, and nonprofit educational organizations. A panel of outside consultants recommends approval of applications. Awards for doctoral dissertation research generally cover 18 months or longer.

1980 budget policy

To foster better understanding of world interdependence and to promote advanced study in foreign language and area studies, a total of $4,000,000 is requested in fiscal year 1980. This will support 240 individual and group projects for 720 participants. This is an increase from 189 projects for 524 participants at a total of $3,000,000 in fiscal year 1979.

Group projects abroad: Twenty-two group projects abroad involving 440 elementary, secondary, and college teachers, prospective teachers, and administrators will be supported. Included are projects such as advanced, intensive language training programs in such critical languages as Chinese, Japanese, Russian, and Indonesian, and curriculum development projects to enable faculty to develop or acquire resourc material for incorporation into curricula of their home institution.

	1979 Estimate	1980 Estimate
No. of projects......................	15	22
Average cost per project............	$ 57,500	$ 57,500
Total cost..........................	$864,000	$1,279,000
No. of participants.................	305	450
Average no. of participants per project............................	20	20
Average cost per participant.........	$ 2,836	$ 2,836

Faculty research abroad: Approximately 65 faculty fellowships will be awarded to institutions of higher education to provide opportunities for research and study in modern foreign languages, area studies, international affairs, and global interdependence. This program is designed to help universities and colleges strengthen their programs of international studies in two ways: 1) by helping key faculty members remain current in their specialties, and 2) by assisting institutions in updating curriculum and in improving teaching methods and materials.

	1979 Estimate	1980 Estimate
No. of fellowships..................	47	65
Average cost........................	$ 10,200	$ 10,200
Total cost..........................	$479,000	$663,000

Doctoral dissertation research abroad: A total of 130 doctoral dissertation fellowships will be awarded to institutions of higher education to provide opportunities for advanced graduate students to engage in full-time dissertation research abroad in modern foreign languages, area studies, and international affairs, and global interdependence. This program is designed to help prospective teachers and scholars develop research knowledge and capability in world areas not widely included in American curricula.

	1979 Estimate	1980 Estimate
No. of fellowships..................	110	130
Average cost........................	$ 12,000	$ 12,000
Total cost..........................	$1,320,000	$1,560,000

Foreign curriculum consultants: Twenty curriculum consultants from other countries will be brought to United States institutions of higher education and school systems to assist in the development of international studies curriculum, the evaluation of library holdings, and the planning of acquisitions in foreign language and area studies. These consultant services are directed toward improving or adding a non-Western European studies component in secondary education and undergraduate college curricula. This is a cost-sharing program. In fiscal year 1978, the Federal share will increase from 12.6 percent to 14.5 percent in order to encourage higher quality applications.

	1979 Estimate	1980 Estimate
No. of fellowships..................	15	20
Average cost........................	$ 12,600	$ 14,500
Total cost..........................	$189,000	$290,000

Special bilateral projects: Three special bilateral projects will be supported to foster international academic exchange through short-term institutes for language teachers and curriculum developers. Agreements with Italy and Israel were initiated in prior years. These programs are designed to improve the United States capacity for teaching the languages and cultures of those countries with which agreements are finalized.

	1979 Estimate	1980 Estimate
No. of projects.....................	2	3
Average cost per project............	$ 59,000	$ 56,000
Total cost..........................	$118,000	$168,000
No. of participants.................	47	65
Average no. of participants per project............................	23	21
Average cost per participant........	$ 2,511	$ 2,585

Administrative support services to the Department of State: Funds will be used for professional support services by the binational commissions and United States embassies to grantees under this program. They act as surrogates for the United States Office of Education by providing administrative support and assistance to the United States fellows studying abroad under this program.

	1979 Estimate	1980 Estimate
Support services....................	$30,000	$40,000

2. Program Development: d. University Community Services and Continuing Education
(Higher Education Act, Title I, Part A)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
9	$16,000,000	$40,000,000	9	---	-$16,000,000

Purpose and method of operations

To strengthen the community service programs of colleges and universities, and to support the expansion of continuing education programs of colleges and universities, this program provides for grants to States and institutions of higher education.

At least 90 percent of the appropriation supports a State formula grant program which is administered by designated State agencies,each of which develops a State plan, establishes priorities among problem areas and is responsbile for reviewing and approving institutional proposals for support. This State share is awarded on the basis of the proportion of a State's population to the national population. One third of total program costs in each State must be met from non-Federal funds.

Special experimental and demonstration projects are authorized by Section 106 which provides that up to ten percent of the appropriation is available to the Commissioner of Education to carry out projects designed to seek solutions to national and regional problems relating to technological and social change and environmental pollution. Priorities are determined annually by the Commissioner in consultation with the National Advisory Council on Extension and Continuing Education. Grants or contracts are awarded to institutions by the Office of Education, after proposals solicited in national competition have been reviewed by a panel of outside experts. Grants or contracts are awarded for one year.

In addition, the Commissioner is authorized to reserve no more than ten percent of the amount appropriated for State formula grants in excess of $14,500,000 for the purpose of technical assistance to the States and institutions of higher education. Funds reserved for technical assistance are used to provide a national diffusion network to help assure that effective programs are known among States and institutions, to assist with the improvement of planning and evaluation procedures, to provide information about the changing enrollment patterns in postsecondary institutions and to provide assistance to States and institutions in their efforts to understand .hese changing patterns and to accommodate them.

In fiscal year 1979, the program will encourage States to consider three priority areas as they revise their State plans for the State formula grant program. These priority areas are: 1) increasing the involvement of parents of children receiving Federal support in programs for the disadvantaged or the handicapped in order to increase their effectiveness by strengthening the school-home linkage; 2) assisting older Americans to gain a better understanding of the range of existing social services available to them, as well as encouraging the expansion and relevance of these services through building of linkages between educational and social service institutions/agencies; and 3) assisting the handicapped adult population to become aware of and participate in the local services available to them. A total of $14,250,000 will be distributed to the States which, in turn, will support projects serving an estimated 400,000 adults at approximately 700 participating colleges and universities.

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Twelve new and ten continuation discretionary projects totaling $1,600,000 also will be supported in 1979. The program will encourage potential applicants to consider submitting proposals that would focus on the development of methods and strategies to meet the needs of parents of disadvantaged and handicapped children, older Americans, and handicapped adults.

The $150,000 available for technical assistance in 1979 will be used to assist interested States in incorporating the three priority areas into their State plans, to work with institutions of higher education which have special capabilities to address the concerns in the priority areas, and to disseminate information to States and institutions about successful projects and practices that could be adopted to serve the needs of these adult populations.

1980 budget policy

Over the past 13 years, more than $163 million in Federal support has been provided to promote the availability and application of higher education resources to solving a wide range of community problems. Most institutions of higher education now have established some form of working relationship with, and assistance to, the communities they serve. Most States and institutions are now able to continue such services without the incentive of Federal assistance. Consequently, no funds are requested for this program in fiscal year 1980.

2. Program Development: a. State Postsecondary Education Commissions (Higher Education Act, Sections 1202 and 1203)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$3,500,000	Indefinite	3	---	-$3,500,000

Purpose and method of operations

To encourage development of comprehensive statewide planning for postsecondary education and to support State administration of certain Federal programs, grants are awarded to designated State Commissions. In addition to comprehensive statewide planning, State Commissions may be designated by the State to administer the University Community Services and Continuing Education program, the Undergraduate Equipment Grant program, and/or the Grants for Construction of Undergraduate Academic Facilities program. In States where these agencies are not designated to administer the latter two programs, they are administered by the State Higher Education Facilities Commission.

Section 1202 requires the establishment of State Postsecondary Education Commissions if a State desires to participate in the comprehensive planning grants program authorized under Section 1203. Determination of 1202 Commission eligibility for receipt of planning funds is based upon a review by the Commissioner of data submitted by the State indicating that the Commission meets the requirements of Section 1202, including a letter, signed by the Governor, explaining how the membership of the State Commission meets the "representative" requirements of Section 1202; an indication of the State's choice of how to establish a 1202 Commission; and an indication of which, if any, of the Titles I, VI-A, and VII-A programs have been assigned to the Commission. After a 1202 Commission has been established, a State may receive funding by applying annually for a grant which is approved by the Commissioner.

Grants are discretionary, that is, there is no statutory formula for distribution among the States. However, by administrative decision funds have been allocated on a formula basis. Each approved State receives a minimum of $30,000 with the balance distributed on the basis on the State's population above 17 years of age.

1980 budget policy

No funds are requested for this program for fiscal year 1980 since comprehensive statewide planning for postsecondary education is regarded as a State responsibility and should be supported by State funds. States are now ready to assume this responsibility, as past activities have developed an awareness of the need to consider: (1) all elements and resources for postsecondary education within a State, (2) communication among all interested groups, and (3) greater involvement of the private sector in their planning process. Federal funding for this activity has been provided for the past six years at a cost of $15.2 million.

In fiscal year 1980, no funds are requested for the various Federal programs that 1202 Commissions are designated to oversee. Therefore, this eliminates the need for the Federal government to pay these Commissions for the associated administration costs.

In fiscal year 1979, $3,000,000 of the $3,500,000 appropriation supports planning grants averaging $55,555 to 54 established State Postsecondary Education Commissions to continue comprehensive planning activities. The remaining $500,000 supports administration grants to 56 State Higher Education Facilities Commissions to close out activities under the Undergraduate Equipment Grant program and the Grants for Construction of Undergraduate Academic Facilities program.

2. Program Development: f. Aid to Land-Grant Colleges--Permanent Appropriation (Second Morrill Act, 1890, 7 U.S.C. 324)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
---	$2,700,000	$2,700,000	---	$2,700,000	---

Purpose and method of operations

To support postsecondary instruction in agriculture, the mechanic arts, the English language, and various branches of mathematical, physical, natural and economic science, the permanent appropriation (Second Morrill Act of 1890, as amended) is allotted in equal amounts to each State, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands.

The Second Morrill Act provided for an appropriation of $25,000 for each State having a land-grant institution. The Nelson Amendment of 1907 doubled this appropriation to $50,000.

Monies are paid directly to State treasurers and, in the event that more than one land-grant institution exists in a State, State legislatures must provide by statute for the division of these monies. Funds may be used to support instruction in the mechanic arts, agriculture, English language, the various branches of mathematical, physical, natural, and economic science; for instructional equipment for such instruction; and for courses to prepare instructors to teach agriculture and mechanic arts. No portion of the grants may be applied to buildings, lands, or salaries in unauthorized fields of study. Each land-grant institution is required to provide annually to the U.S. Office of Education a report on the expenditures of monies under this program.

1980 budget policy

The fiscal year 1980 request for $2,700,000 will provide $50,000 to each of 54 jurisdictions which allot grants to a total of 72 institutions of higher education. This is the same level as the fiscal year 1979 appropriation. The monies provided under this program represent a very small portion of these institutions' total budgets.

In 1978, the annual appropriation (Bankhead-Jones Act), which also provides direct assistance to land-grant colleges, was transferred to the Department of Agriculture as mandated by Section 1417(c) of the National Agricultural Research, Extension, and Teaching Policy Act of 1977 (P.L. 95-113).

3. Graduate Support: a. Graduate/Professional Educational Opportunities (Higher Education Act, Title IX, Parts A and B)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
5	$8,000,000	Indefinite 1/	7	$15,000,000	+$7,000,000

1/ $50,000,000 for grants to institutions plus such sums as necessary for up to 7,500 fellowships.

Purpose and method of operations

To encourage and assist members of groups, particularly minorities and women, that have traditionally been underrepresented, to prepare for academic and other professional careers in fields of high national priority, this program provides fellowships and grants to institutions of higher education. Fellowships are allocated to institutions for award to graduate and professional students from underrepresented minority groups and women to prepare them for academic and other professional careers in the national interest. Institutional grants support a specific program of recruitment, retention, and placement services for fellowship recipients.

Institutions of higher education compete for institutional grants and allocations of fellowships by submitting applications directly to the Office of Education. The merits of these applications are evaluated by panels of qualified outside readers who make recommendations to the Commissioner, who then selects the award recipients.

The program is forward funded. Institutional grants are made on an annual basis and are available for such efforts as recruitment, retention, and various other services which help to identify and place fellows on a competitive basis in training programs designed to achieve the objectives of the Graduate and Professional Educational Opportunities program. These grants can be funded for up to a three-year period. Continuations into the second and third year are based upon a project's effectiveness, performance, and the availability of funds. Only those institutions that support a fellowship program are considered for institutional grants. Fellowships are awarded for full-time study only for a period up to 36 months, and in some cases 48 months, based on the availability of funds.

1980 budget policy

To increase the numbers of minorities and women in certain academic and professional fields in which they are underrepresented, $15,000,000 is requested for fiscal year 1980. This increase in funding will allow the number of fellows participating in this program to be doubled from the 1979 level of 850 to a total of 1,700 in fiscal year 1980. Of these 1,700 awards, 925 will be for new fellowships. In addition, there will be continuation awards for 275 third-year fellows supported during 1978-79 (the first year of the program) and 500 second-year fellows supported during 1979-80 (the second year of the program). These fellows will be enrolled at an estimated 125 institutions, an increase of 20 institutions from the 105 that participated in 1979. This request also will permit an increase of institutional grants from 51 to 55, with an average award of $27,500.

The major growth in the number of participating institutions and institutional grants was between the first and second years of the program (1978-1979). In 1980, the policy is to bring an end to this rapid expansion in participating institutions and institutional grants and to hold the level relatively steady. The ultimate aim of this approach is to concentrate a greater number of fellowships at the institutions which establish the best programs for minorities and women. The institutional grants will be aimed at more intensive recruitment efforts by the institutions in attracting fellows from traditionally underrepresented groups.

As in fiscal year 1979, $100,000 of the 1980 request will be used by the National Science Foundation to conduct the annual survey of earned doctorates. In addition, $140,000 will be available to conduct research and studies to determine personnel needs in the academic and professional fields of study of importance to the national interest related to the underrepresentation of minorities and women.

In fiscal year 1980, the budget proposes that Public Service and Mining fellowships be terminated as separate programs. The strategy is to eliminate narrow, categorical fellowship programs; however, the Graduate/Professional Educational Opportunities program will give consideration to the need for more minorities and women in the fields of public service and mining.

In prior years, each stipend was $3,900 for the fellow and $3,900 for the institution to cover associated tuition and fees. In fiscal year 1980, the fellowship stipend has been increased to $4,500 and the institutional stipend has been limited not to exceed the lesser of either the approximate cost of tuition or the fellow's award.

Summary of Awards

	FY 1979 Estimate	FY 1980 Estimate
No. of institutional grants..............	51	55
Research and studies.....................	$100,000	$240,000
No. of new fellowships...................	510	925
No. of continuing fellowships............	340	775
Total fellowships..................	850	1,700
No. of participating institutions........	105	125

3. Graduate Support: b. Legal Training for the Disadvantaged (Higher Education Act, Title IX, Section 966)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$1,000,000	$1,000,000	---	$1,000,000	---

Purpose and method of operations

To assist individuals from disadvantaged backgrounds to undertake training for the legal profession, a program of scholarships is supported. The administration of this program is handled through a noncompetitive project grant to the Council on Legal Educational Opportunity (CLEO) with no matching requirements. The program is forward funded and a part of each year's appropriation is spent over a period of two years.

CLEO conducts a nationwide search for eligible candidates to participate in this program. Applications are submitted to the CLEO central office where an initial screening process is done. Eligible applications are forwarded to regional panels of law school deans and other educators who make the final selection of students.

Prior to entering law school, recipients attend a six-week intensive pre-law preparation program at one of six regional summer institutes. Institute sites are selected in an effort to reflect a broad geographic distribution and to reduce student travel expenses to the institute. The students are then supported for three years of legal training with a $1,000 yearly fellowship. In addition, participating law schools waive the tuition and fees that would normally be charged to these students.

1980 budget policy

To increase the number of lawyers from disadvantaged backgrounds, $1,000,000 is requested for fiscal year 1980, the same as appropriated in fiscal year 1979. These funds will support approximately 550 students: 210 first-year, 180 second-year, and 160 third-year students plus six summer institutes. It is anticipated that approximately $240,000 of these funds will be used to support the administrative cost of CLEO.

Summary of Awards

	1979 Estimate	1980 Estimate
New awards - Federal dollars	$210,000	$210,000
Number of students	210	210
Noncompeting continuations - Federal dollars	$340,000	$340,000
Number of students	340	340
Summer institutes - Federal dollars	$210,000	$210,000
Number of institutes	6	6
CLEO - Administrative cost	$240,000	$240,000

3. Graduate Support: c. Public Service Grants and Fellowships
(Higher Education Act, Title IX, Parts A and C)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$4,000,000	$50,000,000[1/]	3	---	-$4,000,000

1/ $50,000,000 for grants to institutions plus such sums as necessary for up to 500 fellowships.

Purpose and method of operations

To expand and improve the training of persons for public service careers, this program awards fellowships and grants to institutions of higher education. Institutional grants are designed to establish, strengthen, and improve programs preparing graduate and professional students for public service careers. Fellowships are allocated to institutions for award to graduate students to assist them in the preparation for leadership and management careers in public service.

Institutions of higher education compete for institutional grants and allocations of fellowships by submitting applications to the Office of Education. Only those institutions that support a fellowship program are considered for institutional grants. The merits of these applications are evaluated by panels of qualified outside readers who recommend their decisions to the Commissioner. The program is forward funded.

1980 budget policy

At the present time there is a more than adequate supply of qualified candidates to fill public service jobs. With the era of rapid government expansion at Federal, State, and local levels coming to an end, and the current policy to reduce the level of the Federal work force, there is no longer any need for the Federal government to encourage students to prepare for careers in public service. In addition, the general strategy is to eliminate narrow categorical fellowship programs. As a consequence, funds for this program are not requested for fiscal year 1980. Students interested in pursuing advanced study leading to careers in public service can apply for financial assistance through the Guaranteed Student Loan program and other general student aid programs. In addition, the Graduate/Professional Educational Opportunities program will give consideration to the need for more minorities and women in public service careers.

The fiscal year 1979 appropriation of $4,000,000 will support an estimated 260 public service fellowships and 40 institutional grants. Most of these 1979 fellowships will be shifted to multi-year funding which will decrease the number of fellows needing continuations in fiscal year 1980 to complete their education.

Summary of Awards

Program Measures	1979 Estimate	1980 Estimate
New fellows		
Federal funds	$2,220,000	---
No. of fellows	160[1]	
Continuing fellows		
Federal funds	$ 780,000	---
No. of fellows	100	
Institutional grants		
Federal funds	$1,000,000	---
No. of grants	60	
Total B.A.	$4,000,000	---
Total no. of fellowships	260	

[1] Assumes an estimated 125 multi-year awards.

3. Graduate Support: d. Mining Fellowships
(Higher Education Act, Title IX, Section 961)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
3	$4,500,000	Indefinite 1/	3	---	-$4,500,000

1/ Such sums as necessary for up to 500 fellowships.

Purpose and method of operations

To assist graduate students of exceptional ability and demonstrated financial need to undertake advanced study in domestic mining and mineral fuel conservation, including oil, gas, coal, oil shale, and uranium, this program provides for the award of fellowships.

Institutions of higher education apply once a year directly to the Office of Education. The applications are reviewed and rated by panels of academic experts chosen from outside the Office of Education. Allocations of fellowships are then made to the successful institutional applicants who, in turn, nominate to the Commissioner of Education the students the institution has selected for these fellowships. The program is forward funded. Fellowships are awardable for any level of pre-doctoral study.

1980 budget policy

Careers in domestic mining, mineral fuel conservation, and related areas have become increasingly attractive and financially rewarding, which has been a great stimulus to increased interest in this field of study. Therefore, it appears that there is no longer any need for the Federal government to further encourage advanced study in this area. In addition, the strategy is to eliminate narrow categorical fellowship programs. As a consequence, no funds are requested for fiscal year 1980. Students interested in pursuing advanced study in mining can apply for financial assistance through the Guaranteed Student Loan program and other general student aid programs. Also, the Graduate/Professional Educational Opportunities program will give consideration to the need for more minorities and women in the mining field.

The fiscal year 1979 appropriation of $4,500,000 will support an estimated 462 mining fellowships at 55 participating institutions. Most of these 1979 fellowships will be shifted to multi-year funding which will decrease the number of fellows needing continuations in fiscal year 1980 to complete their education.

SUMMARY OF AWARDS

Programs Measures	1979 Estimate	1980 Estimate
New fellows		
Federal funds	$2,160,000	---
No. of fellows	162[1]	---
Continuing fellows		
Federal funds	$2,340,000	---
No. of fellows	300	---
Total B.A.	$4,500,000	---
Total no. of fellows	462	---

[1] Assumes an estimated 115 multi-year awards.

3. Graduate Support: e. Law School Clinical Experience
(Higher Education Act, Title XI)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
2	$2,000,000	$7,500,000	2	---	-$2,000,000

Purpose and method of operations

To provide a limited number of demonstrations in order to stimulate law schools to increase the availability of training which provides clinical experience to their law students, this program provides grants and contracts to accredited law schools.

The Commissioner is authorized to enter into agreements with accredited law schools for the purpose of paying not more than 90 percent of the cost of establishing or expanding such programs. Costs are limited to such expenditures as are justified for planning, preparation of related teaching materials, and administration; the training of faculty members; payments for faculty, attorneys and others directly involved in supervision; appropriate travel and for other related activities in connection with the program. Proposals are submitted in national competition. A panel of outside consultants reviews the proposals and makes recommendations for funding to the Commissioner. The program is forward funded.

1980 budget policy

This was to have been a one-time demonstration program to provide accredited law schools initial support in establishing clinical experience programs to students in the practice of law. As this objective has already been met, no funds are requested for this activity in fiscal year 1980. Furthermore, clinical legal education programs have been amply demonstrated by private groups, such as, the Ford Foundation sponsored Council on Legal Education for Professional Responsibility, Inc. (CLEPR), which has spent approximately $7 million over the past ten years to support the demonstration and development of approximately 100 clinical legal education programs. It is the individual institution's responsibility to support these programs now that the demonstrations have been completed.

The fiscal year 1979 appropriation of $2,000,000 will fund demonstration projects in Law School Clinical Experience at approximately 50 participating institutions.

4. Construction: a. Interest Subsidy Grants
(Higher Education Act, Title VII, Part C, Section 745)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
13	$29,000,000	Indefinite	13	$29,000,000	---

Purpose and method of operations

To reduce the cost of borrowing from non-Federal sources for the construction of needed academic facilities, a program of annual interest subsidy grants to institutions of higher education is supported. An institution or State agency arranges a loan from a private source at a rate acceptable to the Commissioner of Education. The Federal government then pays a subsidy in an annual amount which, over the term of the loan, reduces the interest cost paid by the institution to three percent. The Federal government is committed to paying the annual subsidy amount for the entire term of the loan, not to exceed forty years

This program of interest grants is designed to subsidize the interest on commercial loans last authorized in 1973. Approximately $1.4 billion in private loans are being supported by this annual interest subsidy program. Not more than 12.5 percent of the annual appropriations for this program has been allowed for grants to any one State. Further, the aggregate principal amount of loans (or portions thereof) with respect to which annual interest grant subsidies were approved could not exceed $5 million per campus during any Federal fiscal year.

1980 budget policy

To meet the Federal commitment to pay interest subsidies on 690 commercial loans for construction projects approved prior to fiscal year 1974, an appropriation of $29,000,000 is requested. No new awards will be made. The 1980 budget request is at the same level as the 1979 appropriation. The annual amount of subsidies should begin to decline in 1981 as the loans subject to interest subsidies are retired.

SUPPLEMENTAL FACT SHEET

Interest Subsidy Grants

Following is a comparison of the original activity under the program from fiscal years 1970 through 1973, after which the program ceased approving any new projects for support.

	Two-Year Schools	Colleges and Universities	Total
Amount of loans approved for subsidy:			
1970	$ 13,898,000	$ 105,584,000	$ 119,482,000
1971	150,000,000	450,000,000	600,000,000
1972	121,032,000	394,057,000	515,089,000
1973	77,500,000	122,500,000	200,000,000
Total	362,430,000	1,072,141,000	1,434,571,000
Number of projects:			
1970	11	75	86
1971	74	246	320
1972	48	169	217
1973	28	60	88
Total	161	550	711

The following table shows the history and estimate, through 1980, of Federal funding required to meet the annual interest subsidy commitment on the projects approved during the active years of the program.

Funding History

Fiscal Year	Annual Appropriation	Annual Obligations and Expenditures	Cumulative Year and Unobligated Balance of Appropriations
1970	$15,670,000	---	$15,670,000
1971	21,000,000	$ 8,000	36,662,000
1972	29,010,000	2,105,000	63,567,000
1973	14,069,000	6,005,000	71,631,000
1974	31,425,000	11,408,000	91,648,000
1975	---	16,657,000	74,991,000
1976 (as of 6/30/76)	---	18,940,000	56,051,000
1976 (5th quarter)	---	7,408,000	48,643,000
1977	---	23,992,000	24,651,000
1978	4,000,000	25,784,000	2,867,000
1979 (estimate)	29,000,000 1/	30,398,000	1,469,000
1980 (estimate)	29,000,000	30,469,000	---

1/ The $29 million represents the maximum estimated annual appropriation required under this program. Annual appropriations will continue through the year 2020 with the annual amount declining gradually after 1980 as loans are paid out or refinanced.

4. Construction: b. Continuing Education Centers
(Higher Education Act, Title VII, Section 705)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
---	$300,000	Indefinite	---	---	-$500,000

Purpose and method of operations

To expand the capacity of institutions of higher education to carry out extension and continuing education programs, grants are awarded to plan for appropriate facilities and for their construction, reconstruction or renovation. Such awards must result: in the creation of additional capacity for enrollment; in extended programmatic coverage or in the provision of health care for students and faculty. By regulation, discretionary awards are made to demonstrate a variety of approaches to extension and continuing education. One grant in each of the following has been made: (a) planning for a statewide center; (b) planning for a center serving a sub-State region or an interstate region; (c) planning for a community or neighborhood center.

1980 budget policy

No funds are requested for this program in fiscal year 1980. Further demonstration of this concept is no longer necessary as about 50 continuing education centers are already in existence and operating throughout the country.

In fiscal year 1979, $500,000 was appropriated to provide funds for the final design and architectural plans for the three continuing education centers funded previously, one each at the University of Washington, the University of Kansas, and Old Dominion University. These three institutions received funds in fiscal year 1974 which was to have been a one-time only appropriation to assist them with planning.

5. Special Endowments: a. Hubert Humphrey Institute
(Hubert H. Humphrey Institute of Public Affairs and the Everett McKinley Dirksen Congressional Leadership Research Center Assistance Act, Section 4(a))

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$5,000,000	---	---	---	-$5,000,000

Purpose and method of operations

To assist in the development of the Hubert H. Humphrey Institute of Public Affairs, located at the University of Minnesota, Minneapolis-St. Paul, this program provides an endowment grant.

Payment is made upon application at such time, in such manner, and containing or accompanied by such information as the Commissioner may require.

Income from this endowment grant will support such activities as fellowships; special training programs for government officials and public employees; seminars and workshops on public administration, public policy, and planning conducted by practitioners; and grants to faculty and pre- and post-doctoral students for research projects in public policy.

1980 budget policy

The authorization to endow the Hubert H. Humphrey Institute was limited to $5,000,000. Since this amount was appropriated for the Institute's endowment in fiscal year 1979, further funding in 1980 is not authorized.

5. Special Endowments: b. Everett Dirksen Center
(Hubert H. Humphrey Institute of Public Affairs and the Everett McKinley Dirksen Congressional Leadership Research Center Assistance Act, Section 4(b))

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
---	$2,500,000	---	---	---	-$2,500,000

Purpose and method of operations

To assist in the development of the Everett McKinley Dirksen Congressional Research Center, located in Pekin, Illinois, this program provides an endowment grant.

Payment is made upon application, at such time, in such manner, and containing or accompanied by such information as the Commissioner may require.

Income from this endowment grant will support such activities as educational programs directed at persons in the general public, as well as in secondary and post-secondary education; seminars throughout the United States on current public policy issues; publications to encourage an understanding of the Congress; and expansion of the collection of research materials available at the Center for the study of Congress and Congressional leadership.

1980 budget policy

The authorization to endow the Everett Dirksen Center was limited to $2,500,000. Since this amount was appropriated for the Center's endowment in fiscal year 1979, further funding in 1980 is not authorized.

Higher and Continuing Education

University Community Service and Continuing Education

State or Outlying Area	1978 1/ Actual	1979 2/ Estimate	1980 Estimate
TOTAL	$18,000,000	$16,000,000	---
Alabama	237,908	227,171	---
Alaska	111,738	111,738	---
Arizona	170,899	170,899	---
Arkansas	172,525	172,525	---
California	1,395,067	1,190,618	---
Colorado	185,383	185,383	---
Connecticut	211,243	211,243	---
Delaware	120,623	120,623	---
Flordia	564,720	462,095	---
Georgia	324,515	275,719	---
Hawaii	129,472	129,472	---
Idaho	127,269	127,269	---
Illinois	736,889	619,207	---
Indiana	349,655	293,920	---
Iowa	204,164	204,164	---
Kansas	181,915	181,915	---
Kentucky	222,902	219,405	---
Louisiana	250,477	235,008	---
Maine	137,057	137,057	---
Maryland	271,274	246,205	---
Massachusetts	382,627	320,364	---
Michigan	599,607	504,139	---
Minnesota	258,046	240,029	---
Mississippi	181,482	181,482	---
Missouri	313,722	271,451	---
Montana	125,860	125,860	---
Nebraska	155,188	155,188	---
Nevada	119,251	119,251	---
New Hampshire	127,955	127,955	---
New Jersey	482,594	406,000	---
New Mexico	138,863	138,863	---
New York	1,189,605	998,709	---
North Carolina	358,079	302,162	---
North Dakota	122,899	122,899	---
Ohio	706,483	591,380	---
Oklahoma	195,098	195,098	---
Oregon	178,719	178,917	---
Pennsylvania	780,521	652,898	---
Rhode Island	134,998	134,998	---
South Carolina	197,085	197,085	---

State or Outlying Area	1978 1/ Actual	1979 2/ Estimate	1980 Estimate
South Dakota	124,560	124,560	---
Tennessee	274,630	247,072	---
Texas	805,332	696,988	---
Utah	140,705	140,706	---
Vermont	116,614	116,614	---
Virginia	327,806	279,481	---
Washington	234,222	223,451	---
West Virginia	164,831	164,831	---
Wisconsin	302,008	263,469	---
Wyoming	112,497	112,497	---
District of Columbia	127,161	127,161	---
Outlying areas:			
American Samoa	---	25,981	---
Guam	28,070	28,070	---
Puerto Rico	203,752	177,304	---
Trust Territories	---	7,170	---
Virgin Islands	27,256	27,256	---
Mariana Islands	---	1,025	---

1/ Of the total $18,000,000 1978 appropriation, $15,823,821 was obligated for the State formula grant program. The table does not reflect the $1,800,000 in discretionary program funds which are not distributed by State formula or the $350,000 reserved for technical assistance.

2/ Estimated distribution of $16,000,000 with ten percent ($1,600,000) reserved for Section 106(a) and ten percent of the dollar amount above $14,500,000 reserved for Section 111(a); the remaining $14,250,000 is distributed to the States on the basis of the estimated total resident population as of July 1, 1976, with no State receiving less than its fiscal year 1975 amount under this Title.

Higher and Continuing Education

Educational Information Centers

State or Outlying Area	1978 1/ Appropriation	1979 2/ Estimate	1980 Estimate
TOTAL	$2,000,000	$3,000,000	---
Alabama	---	50,000	---
Alaska	45,454	50,000	---
Arizona	45,454	50,000	---
Arkansas	45,454	50,000	---
California	45,454	112,801	---
Colorado	45,454	50,000	---
Connecticut	45,454	50,000	---
Delaware	45,454	50,000	---
Florida	45,454	50,000	---
Georgia	---	50,000	---
Hawaii	45,454	50,000	---
Idaho	---	50,000	---
Illinois	45,454	58,664	---
Indiana	45,454	50,000	---
Iowa	45,454	50,000	---
Kansas	---	50,000	---
Kentucky	45,454	50,000	---
Louisiana	45,454	50,000	---
Maine	---	50,000	---
Maryland	45,454	50,000	---
Massachusetts	45,454	50,000	---
Michigan	45,454	50,000	---
Minnesota	45,454	50,000	---
Mississippi	45,454	50,000	---
Missouri	---	50,000	---
Montana	45,454	50,000	---
Nebraska	45,454	50,000	---
Nevada	---	50,000	---
New Hampshire	45,454	50,000	---
New Jersey	45,454	50,000	---
New Mexico	45,454	50,000	---
New York	45,454	94,618	---
North Carolina	45,454	50,000	---
North Dakota	45,454	50,000	---
Ohio	45,454	56,028	---
Oklahoma	45,454	50,000	---
Oregon	45,454	50,000	---
Pennsylvania	45,454	61,856	---
hode Island	45,454	50,000	---
South Carolina	45,454	50,000	---

State or Outlying Area	1978 1/ Appropriation	1979 2/ Estimate	1980 Estimate
South Dakota	45,454	50,000	---
Tennessee	45,454	50,000	---
Texas	45,454	66,033	---
Utah	45,454	50,000	---
Vermont	45,454	50,000	---
Virginia	45,454	50,000	---
Washington	45,454	50,000	---
West Virginia	38,306	50,000	---
Wisconsin	45,454	50,000	---
Wyoming	45,454	50,000	---
District of Columbia	45,454	50,000	---
Outlying areas:			
American Samoa	---	50,000	---
Guam	---	50,000	---
Puerto Rico	---	50,000	---
Trust Territories	---	50,000	---
Virgin Islands	---	50,000	---
Mariana Islands	---	50,000	---

1/ Of the total $2,000,000 appropriated in 1978, $1,992,828 was obligated. Of the 44 jurisdictions which submitted approved plans, 43 received $45,454 each. West Virginia received $38,306, which was the total amount it was eligible to receive based on its proposed one-third match.

2/ Estimated distribution of $3,000,000 to the 50 States, District of Columbia, Puerto Rico, and the other outlying areas, on the basis of the estimated total resident population, July 1, 1976, with no State receiving less than the minimum amount of $50,000.

WEDNESDAY, MARCH 28, 1979.

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

WITNESSES

JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ALFRED L. MOYE, DEPUTY COMMISSIONER FOR HIGHER AND CONTINUING EDUCATION

THOMAS McANALLEN, CHIEF, ACADEMIC FACILITIES BRANCH, DIVISION OF TRAINING AND FACILITIES

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE

WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

Mr. NATCHER. We take up next the Office of Education.

I believe that, Dr. Ellis, you along with the same ladies and gentlemen that are at the table will justify this request for us; is that correct?

Mr. ELLIS. Yes, sir.

Mr. NATCHER. Suppose we place your statement in the record in its entirety, and you might just very briefly want to say a word to us about it before we take up the questions.

[The information follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Biographical Sketch

NAME : John Ellis

POSITION : Executive Deputy Commissioner
for Educational Programs

BIRTHPLACE
AND DATE : Amherst, Ohio, September 15, 1929

EDUCATION : B.S., Bowling Green State University, 1953
M.A., Case Western Reserve University, 1958
Teachers College, Columbia University,
Summers 1959, 1960, 1965
Ed.D., Harvard University, 1964

EXPERIENCE :

Present	Executive Deputy Commissioner for Educational Programs, U.S. Office of Education
1971-1977	Superintendent of Schools, Columbus, Ohio
1966-1971	Superintendent of Schools, Lakewood, Ohio
1964-1966	Superintendent of Schools, Massillon, Ohio
1963-1964	Assistant Superintendent for Instruction, Massillon, Ohio
1961-1962	Staff member, Harvard Survey of Boston City Schools
1959-1961	Principal, Garfield Elementary School, Lorain, Ohio
1958-1959	Principal, Harrison Elementary School, Lorain, Ohio
1957-1958	Teacher, Grade 6, Lorain City Schools, Lorain, Ohio
1953-1954	Teacher, Grade 4, Lorain City Schools, Lorain, Ohio

MILITARY USAF 1947-1949 and 1954-57, Captain-Intelligence Officer

SELECTED
RECOGNITION: Air Force Association Silver Medal as Top Student in ROTC
Phi Delta Kappa Book Award at Harvard
Massillon Young Man of the Year
Saturday Review 1977 Honor Roll

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Executive Deputy Commissioner for Educational Programs

on

Higher Education Facilities Loan and Insurance Fund

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to present our fiscal year 1980 budget request of $2,189,000 for the payment of participation sales insufficiencies under the Higher Education Facilities Loan and Insurance Fund. Although no new loans are planned, the requested $2,189,000, along with an estimated permanent indefinite appropriation of $931,000, will support insufficiencies on participation sales certificates for 1980.

The Fund was established by the Participation Sales Act of 1966 for making academic facilities loans to higher education institutions under Title VII, Part C of the Higher Education Act. To provide additional capital to the Fund for making new loans, the Participation Sales Act also authorized the sale of $200 million in participation certificates to the private credit market. An equal amount of previously made loans was pledged as collateral. The proceeds from these sales, consisting of $100 million in 1967 and $100 million in 1968, were deposited into the Fund to be used for making new loans.

To cover the difference in the three percent rate of interest received by the Commissioner on the facilities loans pledged as collateral, and the five to six percent rate of interest paid on the participation certificates sold in prior years, appropriations for insufficiencies are needed each year. In 1980, $3,120,000 is needed for this purpose. A permanent indefinite appropriation of $931,000 will cover insufficiencies on the $100,000,000 in sales authorized in fiscal year 1967, and an annual definite appropriation of $2,189,000 is needed for insufficiencies on the $100,000,000 in sales authorized in fiscal year 1968.

Other Operating Costs

The Fund must pay an annual interest expense to the Treasury each year on the cumulative net amount of appropriations paid out for loans since inception of the program. This amount, estimated at $24.7 million in 1980, will be supported by receipts and available balance within the fund.

This concludes my statement. I shall be pleased to answer any questions you may have.

REASON FOR BUDGET REQUEST

Mr. **Ellis**. The dollars we are requesting are for the payment of participation sales insufficiencies under the higher education facilities loan and insurance fund. There are no new loans planned.

The requested $2,189,000, along with the estimated permanent definite appropriation of $931,000 will support the insufficiencies on participation sales certificates for 1980. These are funds that we are obligated to pay, and we would be pleased to respond to your questions.

FUND BALANCE

Mr. **Natcher**. What is the balance in the fund estimated to be at the end of fiscal year 1979?

Mr. **McAnallen**. At the end of 1979 we are estimating that it will be about $52 million.

Mr. **Natcher**. Now what is the estimated balance at the end of 1980?

Mr. **McAnallen**. Approximately $45 million.

DECLINING BALANCE

Mr. **Natcher**. Why is the balance declining?

Mr. **McAnallen**. There is a built-in deficiency. This is not actually a revolving fund. There are two major sources of funds under this account. One is appropriated money that, by law, must be treated as if borrowed from the U.S. Treasury. The other is money borrowed through the Government National Mortgage Association through the sale of participation certificates. On the appropriated money, we must pay the Treasury an annual interest rate of 8 percent and we lend it out and collect interest at the rate of 3 percent, so we have a built-in deficiency. That is one of the reasons why the balance of the fund decreases each year. We are paying more in interest to the Treasury Department than we are collecting on our loans.

INTEREST RATE

Mr. **Natcher**. You say the interest rate is 8 percent.

How is the interest rate determined?

Mr. **McAnallen**. There are two interest rates. The interest rate to the Treasury Department fluctuates based on their long-term borrowing rate annually. Although I used 8 percent, the rate paid during 1978 was 8½ percent.

The rate is determined by the Treasury Department annually and furnished to the Commissioner of Education as the basis for our liability.

DATE OF LAST LOANS

Mr. **Natcher**. When were the last loans made under this fund?

Mr. **McAnallen**. In fiscal year 1975.

RETURNING ASSETS TO TREASURY

Mr. Natcher. If the fund is not being used, why don't you return its assets to the Treasury and terminate it?

Mr. McAnallen. Well, when we say we have cash balance, we do not really have a cash balance. In effect we have a line of credit with the Treasury Department. Our only assets are the loans that are outstanding. As we collect those loans, that money goes back to the Treasury.

AMOUNT OF OUTSTANDING LOANS

Mr. Natcher. What is the total amount of outstanding loans?

Mr. McAnallen. The outstanding loan balance at the present time is about $440 million.

Mr. Natcher. $440 million?

Mr. McAnallen. Yes, sir.

NUMBER OF STAFF

Mr. Natcher. How many people are assigned to administer this fund?

Mr. McAnallen. Strictly to the fund?

About four professional people are monitoring defaults under the fund.

INCOME TO THE FUND

Mr. Natcher. How much income will the fund receive in the fiscal year 1979?

Mr. McAnallen. Total receipts will be about $32 million, of which approximately $3 million is the appropriations that we are requesting now.

Mr. Natcher. From what source is the income derived?

Mr. McAnallen. The income is from three sources. Part of it isn't really income in the accounting sense. We have the interest income on our loans, which is estimated at $13.7 million. We have the principal of the bonds, the loans coming back, which is about $14 million, and we have what we call participation certificate fund income, which is money that we have collected, turned over to the participation sales pool, and they have invested in our behalf as those moneys await the time when they can redeem participation sales certificates.

MANDATORY EXPENSES

Mr. Natcher. Do you consider the request of $2,189,000 to be a mandatory expense that must be paid?

Mr. McAnallen. Under the present authority, it is my understanding, sir, yes, that it is.

Mr. Natcher. Mr. McAnallen, I like the way you answer questions. You ladies and gentlemen ought to bring this gentleman with you every time you come up here.

We want to thank all of you for appearing before our committee in behalf of the Higher Education Facilities Loan and Insurance Fund.

[The justification submitted by the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Higher Education Facilities Loan and Insurance Fund

Fiscal Year 1980 Budget

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Appropriation Estimate

Higher Education Facilities Loan and Insurance Fund

For the payment of such insufficiencies as may be required by the trustee on account of outstanding beneficial interests or participations in assets of the Office of Education authorized by the Department of Health, Education, and Welfare Appropriation Act, 1968, to be issued pursuant to section 302(c) of the Federal National Mortgage Association Charter Act (12 U.S.C. 1717(c)), [$2,204,000] *$2,189,000* to remain available until expended, and the Secretary is hereby authorized to make such expenditures, within the limits of funds available in the Higher Education Facilities Loan and Insurance Fund, and in accord with law, and to make such contracts and commitments without regard to fiscal year limitation as provided by section 104 of the Government Corporation Control Act (31 U.S.C. 849) as may be necessary in carrying out the program set forth in the budget for the current fiscal year for such fund.

Amounts Available for Obligation

	1979	1980
Appropriation annual (definite)	$ 2,204,000	$ 2,189,000
permanent (indefinite)	1,052,000	931,000
Subtotal, adjusted appropriation	3,256,000	3,120,000
Receipts and reimbursements from:		
Federal funds:		
Investment income from participation sales funds.	1,800,000	2,100,000
Non-Federal source:		
Interest income	13,700,000	13,400,000
Loans repaid	14,000,000	14,000,000
Unobligated balance transferred to participation sales funds	- 5,202,000	- 5,256,000
Unobligated balance, start of period	59,009,000	52,365,000
Unobligated balance, end of period	-52,365,000	-45,531,000
Total obligations	34,198,000	34,198,000

Summary of Changes
(Budget Authority)

1979 Estimated budget authority	$3,256,000
1980 Estimated budget authority	3,120,000
Net change	- 136,000

	1979 Base	Change from Base
Decreases:		
Built in:		
1. Decrease in appropriations required for participation sales insufficiencies due primarily to the retirement of participation certificates	$3,256,000	-$136,000
Net change		- 136,000

Summary of Changes
(Obligations)

1979 Estimated obligations	$34,198,000
1980 Estimated obligations	34,198,000
Net change	---

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Operating Expenses:			
Interest expense on participation certificates:			
a. Appropriation................	$ 3,256,000	$ 3,120,000	-$136,000
b. (Obligations)................	(9,491,000)	(9,491,000)	---
2. Interest expense to Treasury....	(24,703,000)	(24,703,000)	---
3. Administrative expenses..........	(4,000)	(4,000)	---
Total budget authority.....	3,256,000	3,120,000	- 136,000
(Obligations)..............	(34,198,000)	(34,198,000)	---

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Other services......................	$(4,000)	$(4,000)	---
Interest and dividends.............	3,256,000	3,120,000	-$136,000
(Obligations).............	(34,194,000)	(34,194,000)	---
Total budget authority by object.....................	3,256,000	3,120,000	- 136,000
(Obligations).............	(34,198,000)	(34,198,000)	---

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Higher education facilities loan and insurance fund:				
1. Participation Sales Act..	Indefinite	$3,256,000	Indefinite	$3,120,000[1]
Unfunded authorization:				
2. Higher Education Act: title VII, part C-Loans for Construction of Academic Facilities......	$[illegible],000,000	---	$200,000,000[2]	---
Total BA..................		$3,256,000		$3,120,000
Total BA Against Definite Authorization.	$200,000,000	---	$200,000,000	---

[1] Includes $931,000 for a permanent indefinite appropriation authorized under the Independent Office Appropriation Act of 1967.

[2] Authorization extended one year by the General Education Provisions Act.

Higher Education Facilities Loan and Insurance Fund

Year[1]	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$2,918,000	$2,918,000	$2,918,000	$2,918,000
1971	2,952,000	2,952,000	2,952,000	2,952,000
1972	2,961,000	2,961,000	2,961,000	2,961,000
1973	2,921,000	2,921,000	2,921,000	2,921,000
1974	2,948,000	2,948,000	2,948,000	2,948,000
1975	2,701,000	2,701,000	2,701,000	2,701,000
1976	2,192,000	2,192,000	2,192,000	2,192,000
Transition Quarter	548,000	548,000	548,000	548,000
1977	2,119,000	2,119,000	2,119,000	2,119,000
1978	1,847,000	1,847,000	1,847,000	1,847,000
1979	2,204,000	2,204,000	2,204,000	2,204,000
1980	2,189,000			

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[1] Excludes a permanent indefinite appropriation under "Payment of Participation Sales Insufficiencies" in the Independent Offices Appropriation Act, 1967.

Justification

Higher Education Facilities Loan and Insurance Fund

	1979 Estimate	1980 Estimate	Increase or Decrease
Higher education facilities loan and insurance fund:			
Appropriation:			
Payment of Participation Sales insufficiencies:			
Annual (definite)................	$ 2,204,000	$ 2,189,000	-$ 15,000
Permanent (indefinite)...........	1,052,000	931,000	- 121,000
Total budget authority..	3,256,000	3,120,000	- 136,000
(Obligations)....................	(34,198,000)	(34,198,000)	---

General Statement

To provide a low-cost loan program for construction, reconstruction and renovation of higher education academic facilities, a Higher Education Facilities Loan and Insurance Fund was established to enable the Commissioner to make direct loans to higher education institutions. Loans may be made for the construction of classrooms or for the reconstruction and renovation of projects primarily designed for conserving energy, removing architectural barriers to the physically handicapped and for conforming with health/safety and environmental protection requirements.

Although the Commissioner also may insure loans to enable higher education institutions to obtain private capital for construction purposes, such authority has never been exercised.

1. Higher Education Facilities Loan and Insurance Fund
(Higher Education Act, Title VII Part C and Participation Sales Act)

	1979 Estimate	1980 2/ Estimate	Increase or Decrease
Appropriations for the payment of participation sales insufficiencies			
Annual (definite).....................	$ 2,204,000	$ 2,189,000	-$ 15,000
Permanent (indefinite) 1/............	1,052,000	931,000	- 121,000
Total adjusted appropriation.........	3,256,000	3,120,000	- 136,000
Obligations:			
Operating costs:			
1. Interest expense to Treasury.....	(24,703,000)	(24,703,000)	—
2. Interest expense on participation certificates.....................	(9,491,000)	(9,491,000)	—
3. Administrative expenses..........	(4,000)	(4,000)	—
Total, budget authority..........	3,256,000	3,120,000	- 136,000
(Obligations).....................	(34,198,000)	(34,198,000)	—

1/ Authorized in the Independent Offices Appropriation Act, 1967.
2/ Indefinite authorization.

Purpose and method of operations

To assist higher education institutions in the construction, reconstruction, and renovation of academic facilities, a loan program is authorized. Such loans may cover up to 80 percent of a project's total development cost. The Participation Sales Act establishes a revolving fund for these loans and provides that the available appropriation for Title VII loans be deposited into the Fund. During fiscal years 1967 and 1968, a cumulative total of $200,000,000 in participation certificates were sold through the Federal National Mortgage Association, the proceeds of which were deposited into the Fund to be used for new loans. An equal amount of oustanding loans held by the Office of Education were pledged as collateral for the sales. Since the interest received by the Commissioner on these loans is less than the interest paid by the Commissioner on the participation certificates, appropriations for insufficiencies are needed each year.

1980 budget policy

To provide funds for the payments of insufficiencies on participation certificates, appropriations totaling $3,120,000 are requested. The requested $3,120,000 includes $2,189,000 for insufficiencies on the $100,000,000 in sales authorized in 1968, and a permanent indefinite appropriation of $931,000 for insufficiencies on the $100,000,000 in sales authorized in 1967. Although no funds for new construction loans are requested during fiscal year 1980, other operating cost consisting of $24,703,000 in interest expenses to the Treasury and $4,000 administrative expenses will be financed from receipts and other available balances.

In fiscal year 1979, appropriations totaling $3,256,000 were utilized to support insufficiencies on participation certificates.

C[illegible]TING AGENCY: Office of Education

Educational Activities Overseas.

RECORD OF INSERTS

House Appropriations Committee Testimony

		Status	
e No.	Description	Date Completed and Inserted	Date to be Submitted To Committee
3-B	Opening Statement	✓ 4/12	—
286 a	Institutions receiving the most P.L. 480 funds	✓ 4/12	
287 a	Distribution of funds between private and public institutions	✓ 4/12	/

WEDNESDAY, MARCH 28, 1979.

EDUCATIONAL ACTIVITIES OVERSEAS

WITNESSES

JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

ALFRED L. MOYE, DEPUTY COMMISSIONER FOR HIGHER AND CONTINUING EDUCATION

EDWARD L. MEADOR, DIRECTOR, DIVISION OF INTERNATIONAL EDUCATION

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE

WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. NATCHER. We take up next the Educational Activities Overseas of the Office of Education.

We have before the committee, Dr. Moye and the others who have appeared previously.

We have a statement for the request which we will insert in the record in its entirety.

[The information follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Biographical Sketch

NAME : John Ellis

POSITION : Executive Deputy Commissioner
for Educational Programs

BIRTHPLACE
AND DATE : Amherst, Ohio, September 15, 1929

EDUCATION : B.S., Bowling Green State University, 1953
M.A., Case Western Reserve University, 1958
Teachers College, Columbia University,
Summers 1959, 1960, 1965
Ed.D., Harvard University, 1964

EXPERIENCE :

Present	Executive Deputy Commissioner for Educational Programs, U.S. Office of Education
1971-1977	Superintendent of Schools, Columbus, Ohio
1966-1971	Superintendent of Schools, Lakewood, Ohio
1964-1966	Superintendent of Schools, Massillon, Ohio
1963-1964	Assistant Superintendent for Instruction, Massillon, Ohio
1961-1962	Staff member, Harvard Survey of Boston City Schools
1959-1961	Principal, Garfield Elementary School, Lorain, Ohio
1958-1959	Principal, Harrison Elementary School, Lorain, Ohio
1957-1958	Teacher, Grade 6, Lorain City Schools, Lorain, Ohio
1953-1954	Teacher, Grade 4, Lorain City Schools, Lorain, Ohio

MILITARY USAF 1947-1949 and 1954-57, Captain-Intelligence Officer

SELECTED
RECOGNITION: Air Force Association Silver Medal as Top Student in ROTC
Phi Delta Kappa Book Award at Harvard
Massillon Young Man of the Year
Saturday Review 1977 Honor Roll

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by the Executive Deputy Commissioner for Educational Programs

on

Educational Activities Overseas

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you today to present our fiscal year 1980 appropriation request for Educational Activities Overseas. Our request is for $2 million in U.S.-owned foreign currencies which the Treasury Department has determined to be in excess of normal requirements, the same as our 1978 appropriation and our 1979 supplemental budget request.

The excess foreign currencies under this appropriation are used in conjunction with the U.S. dollars in the Fulbright-Hays program which supports the same kinds of projects. We presently have available for our use excess foreign currencies in Egypt, India, and Pakistan, which will be used to fund research and training projects in these countries for American students and teachers.

Research and study abroad are critical for training specialists, keeping scholars current in their specialties and, generally, for helping to improve and develop a high caliber of language and area studies instruction throughout the educational structure of the United States. Participation in overseas educational activities contributes directly to the professional development of the individual scholars and teachers, and also has a considerable impact on their students and their employing American educational institutions.

The goal of this program is to improve the quality of foreign language and area studies instruction in the United States relating to the Indian subcontinent and the Middle East. Approximately 56 individual and group projects abroad involving over 500 participants will be supported in Egypt, India, and Pakistan, providing the opportunity for selected educational leaders and students to gain valuable first-hand knowledge and experience of these two important world areas. Group projects include seven long-term projects focusing on intensive language training and research and 18 short-term projects enabling teachers to expand their understanding of the culture and language of the country involved so that upon their return improved curricular materials will be developed. The program will also provide fellowships to 12 faculty members to improve the international studies programs where they teach and 14 doctoral dissertation fellowships which will provide opportunities for advanced full-time research in two world areas in which we currently have shortages of trained personnel.

One example of a group project funded in 1978 is a project entitled The Arab Republic of Egypt: Role and Impact on the Middle East and the Modern World, which sent an interdisciplinary team of 18 Rhode Island college professors and selected social studies directors of different school districts to develop materials for college courses, instructional materials for continuing education purposes, and instructional materials developed for K-12 school instruction. Over the past 13 years similar types of group projects and various faculty and doctoral dissertation fellowship projects supported by this program have provided the opportunity for over 7,000 American scholars, students, and teachers to study in overseas countries.

In summary, we feel that the use of excess foreign currencies supports important American research and training programs abroad in significant non-Western countries. This program not only benefits the American taxpayer in educational terms; it also contributes significantly to a broader awareness of today's interdependent world. Yet the program involves no new additional tax dollars since these foreign currencies were generated by the sale of U.S. agricultural products and the repayment of loans. Indeed, failure to use these nonconverible foreign currencies owned by the Federal government may result in an actual net loss to the taxpayer as their value and extent are eroded annually by political considerations, inflation, and constantly changing international currency rates of exchange.

Thank you for this opportunity to appear before the Committee. My colleagues and I will be happy to answer any questions the Committee may have.

EFFECT OF 1979 FUNDING ON 1980 REQUEST

Mr. NATCHER. You are requesting a supplemental appropriation I believe of $2 million for 1979. If Congress does not approve that request, will the 1980 budget need to be revised?

Dr. MOYE. I don't think the 1980 budget necessarily would need to be revised based on the 1979 appropriation.

Mr. NATCHER. On what do you base that? You say you don't think so.

Dr. MOYE. Most of the 1979 activities will be carried out during the summer, before the beginning of fiscal year 1980.

Mr. NATCHER. Is this program forward funded?

Mr. MEADOR. Yes.

Mr. NATCHER. Forward funded. All right.

Mr. MEADOR. We don't have a 1979 appropriation however, Mr. Natcher. We would have a number of projects that would be lost; that is, people who are available to do overseas study at this time, but at no other time. Further, if we didn't have the excess currency appropriation, we would have to, in some instances, substitute Fulbright-Hays dollars, U.S. currency, to fund high priority overseas activities, such as Arabic language study in Cairo, or the language institutes in India and in Pakistan.

PROGRAM FUNDING

Mr. NATCHER. Do you make a commitment for more than a year in funding these projects?

Mr. MEADOR. No, they are funded for one year only.

Mr. NATCHER. How much of the 1980 request is related to projects funded in the previous year?

Mr. MEADOR. Pardon me, sir?

Mr. NATCHER. How much of the 1980 request that is before the committee that you are requesting now is related to projects funded in previous years?

Ms. BEEBE. Mr. Natcher, in the strict sense of the word, there are no continuation costs for this program. However, we do fund and have been funding for a number of years, overseas centers, for example, in Egypt, where traditionally we send elementary and secondary teachers and advanced students to study for a summer or longer. Without these funds in the 1979 supplemental and 1980, the staff that has been developed there and the tradition that we have had in funding these projects will in fact be lost, and we will lose those resources, but legally there is no commitment.

1980 PROJECTS AND PARTICIPANTS

Mr. NATCHER. Now how many individual participants would be involved with this program under the 1980 budget request?

Dr. ELLIS. 526.

Mr. NATCHER. Are the participants from colleges and universities only?

Dr. MOYE. No, you may have teachers, for example, involved in some of the projects. Participants include elementary and secondary school teachers, higher education faculty and advanced students, school administrators, and other educational personnel.

Ms. **Beebe**. For example, in our group projects abroad we are proposing to train some 500 participants in what we call the group projects abroad. They will go for a summer to gain firsthand knowledge of the culture in the country and to brush up on their language skills.

Mr. **Natcher**. You have participants from elementary and secondary schools. Approximately how many elementary and secondary teachers would you have involved? Give us some idea approximately.

Dr. **Moye**. About 225 elementary and secondary teachers would participate in 1980.

SELECTION OF PARTICIPANTS

Mr. **Natcher**. How are these participants selected?

Mr. **Meador**. We announce the program each year and invite applications from eligible institutions. These are then assessed by panels of experts with knowledge of the subjects and the countries to be studied. The applications are rank ordered, and then our office looks at them with regard to their feasibility, their cost, and other considerations of that kind, and we support as many as funds will permit. Funded institutions select the participants for group projects.

Mr. **Natcher**. To be eligible, would the person have to be working in the field of foreign language or area studies? Would that be one of the essential prerequisites?

Dr. **Moye**. For the faculty research abroad, and doctoral dissertation research abroad, they would have to be specialists in language and area studies. For the group projects, one need not be a specialist.

RELATION OF PUBLIC LAW 480 TO NDEA TITLE VI

Mr. **Natcher**. How does this program relate to those under Title VI of the National Defense Education Act and the Fulbright-Hays Act?

Mr. **Meador**. If you look at NDEA Title VI as the domestic program for strengthening American education internationally, you can then visualize both the Fulbright and the P.L. 480 program as the overseas counterparts. It is the means whereby American educators and American education can learn firsthand about issues, cultures and languages abroad.

LARGEST RECIPIENTS OF PUBLIC LAW 480 FUNDS

Mr. **Natcher**. Which educational institution is the largest recipient of funds under this foreign currency program?

Ms. **Beebe**. Which U.S. institution?

Mr. **Natcher**. Yes.

Ms. **Beebe**. We can provide that for the record. I think it might be helpful to have the breakdown by country which we can provide for you, also.

Mr. **Natcher**. All right.

[The information follows:]

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Dr. MOYE. The University of Michigan received the largest share of the 1978 Public Law 480 funds followed by the Universiy of California—Berkeley, and the University of Wisconsin.

In Egypt, the University of Michigan received the largest share of funds; in India, the University of Wisconsin received the largest share; and in Pakistan the University of California—Berkeley received the largest share.

Dr. MOYE. I should also add, Mr. Natcher, to one of your previous questions, many of our Fulbright-Hays activities will be funded with Public Law 480 money, if that activity is proposed in India, Egypt, or Pakistan.

Mr. NATCHER. Do the same institutions tend to participate year after year?

Dr. MOYE. Some institutions have been successful in the competitions for more than one year. For the most part, however, new awards are made to different institutions each year.

DISTRIBUTION OF FUNDS BETWEEN PUBLIC AND PRIVATE INSTITUTIONS

Mr. NATCHER. What is the distribution of funds under this program between public and private institutions?

Dr. MOYE. We can provide that for the record.

Dr. MOYE. In 1978, public institutions received $1,332,854 and private institutions received $446,775.

Mr. MEADOR. I might say that we have a very keen interest in community colleges. This fact came out earlier today. This interest, I think, should be reflected in our international programs, both domestically and overseas.

Mr. NATCHER. Have you made any evaluations of the projects supported in prior years?

Dr. MOYE. No, we have not.

EFFECT OF NO FUNDING

Mr. NATCHER. If Congress does not approve the request of $2 million, what effect would there be on foreign language and area studies?

Mr. MEADOR. If the $2 million is not appropriated, there would be a drastic reduction in the number of projects which we could support, the number of participants per project, and the number of countries represented in the programs. This would pose a particular hardship in the Arab world, where national interest is keen and the currencies are available.

We would have to look very carefully at the Fulbright-Hays appropriation and make some very hard trade offs so that the entire language training component would not suffer rather severely.

Dr. MOYE. If I may quote, Mr. Natcher, from testimony we heard about reauthorization of our legislation:

> The importance of these programs cannot be underestimated. They provide the general data base upon which planners and leaders in this country make decisions relative to our international interests. They provide linguistic competence which is very much needed.

I go on to quote:

I just cannot believe that the head of a western nation would have had the problems of translation that President Carter experienced in Poland. That, I think, is a uniquely American mistake because we have been so isolated for so long, we just take for granted our own linguistic incompetence.

Around the country, as we have gone through the hearings on reauthorization, we have been getting comments of this type.

Mr. NATCHER. This concludes the hearings on the Educational Activities Overseas request for the fiscal year 1980.

We want to thank all of you people for appearing at this time.

Dr. ELLIS. Thank you, Mr. Chairman.

[The justification of the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Educational Activities Overseas

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Appropriation Estimate

Educational Activities Overseas

For payments in foreign currencies which the Treasury Department determines to be in excess to the normal requirements of the United States, for necessary expenses of the Office of Education, as authorized by law, $2,000,000, to remain available until expended: Provided, That this appropriation shall be available, in addition to other appropriations to such office, for payments in the foregoing currencies.

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Amounts Available for Obligation

	1979	1980
Appropriation	$ ---	$2,000,000
Proposed supplemental	2,000,000	---
Subtotal, appropriation	$2,000,000	$2,000,000
Unobligated balance, start of year	168,289	---
Recovery of prior year obligations	14,376	---
Total, obligations	$2,182,665	$2,000,000

Summary of Changes

1979 Estimated budget authority	$2,000,000[1]
1980 Estimated budget authority	2,000,000
Net change	---

---

[1] Includes a proposed supplemental of $2,000,000 contained in the President's Budget.

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Grants to American institutions..........	$2,000,000[1/]	$2,000,000	---

---

1/ Includes a proposed supplemental of $2,000,000 contained in the President's Budget.

Budget Authority by Object

	1979 Estimate[1/]	1980 Estimate	Increase or Decrease
Travel and transportation of persons........	$ 25,000	$ 25,000	---
Other services..........................	231,000	226,000	- 5,000
Grants, subsidies and contributions.........	1,744,000	1,749,000	+ 5,[illegible]
Total budget authority by object.......	$2,000,000	$2,000,000	---
(Obligations)..........................	($2,182,665)	($2,000,000)	(-$182,665)

1/ Includes a proposed supplemental of $2,000,000 contained in the President's Budget.

Authorizing Legislation

	1979 Amount Authorized	1979[1] Estimate	1980 Amount Authorized	1980 Estimate
Mutual Educational and Cultural Exchange Act of 1961 (P.L. 87-256; section 102(b)(6) and 105(d))........................ Agricultural Trade Development and Assistance Act of 1954; section 104(b)(2) and (3), Special foreign currency.......	Indefinite	$2,000,000	Indefinite	$2,000,000
Total B.A......................		2,000,000		2,000,000

---

[1] Includes a proposed supplemental of $2,000,000 contained in the President's Budget.

Educational Activities Overseas

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$1,000,000	$1,000,000	$1,000,000	$1,000,000
1971	3,000,000	3,000,000	3,000,000	3,000,000
1972	3,000,000	3,000,000	4,000,000	3,000,000
1973	5,000,000	3,000,000	3,000,000	3,000,000
1974	3,000,000	2,000,000	1,000,000	1,000,000
1975	1,000,000	1,000,000	1,000,000	1,000,000
1976	2,000,000	2,000,000	2,000,000	2,000,000
Transition Quarter	200,000	200,000	200,000	200,000
1977	2,000,000	2,000,000	2,000,000	2,000,000
1978	2,000,000	2,000,000	2,000,000	2,000,000
1979	2,000,000	2,000,000	—	—
Supplemental	2,000,000			
1980	2,000,000			

Justification

Educational Activities Overseas

	1979 Appropriation	1980 Estimate	Increase or Decrease
1. Educational Activities Overseas			
a. Appropriation....................	$2,000,000 1/	$2,000,000	—
b. (Obligations)....................	(2,182,665)	(2,000,000)	(-$182,665)

1/ Includes a proposed supplemental of $2,000,000 contained in the President's Budget.

General Statement

U.S.-owned foreign currency that the Treasury Department determines to be in excess of normal requirements is used to support significant educational activities overseas. These excess foreign currencies currently exist in Egypt, India, and Pakistan.

This program is designed to strengthen American education by developing new knowledge and experience with the languages, area and cultural studies, and political and international affairs of these important world areas, which have traditionally not been widely included in the curricula of educational institutions in the United States. Individual and group projects in these foreign countries expand and improve the professional competence of the participating American educators by providing the opportunity for advanced and intensive training and research. These overseas projects provide invaluable experience to U.S. scholars, teachers, and advanced students in developing effective and improved curricula and instructional materials, and by helping them remain current in their specific disciplines.

1. **Educational Activities Overseas: Grants to American Institutions (Mutual Educational and Cultural Exchange Act of 1961 and Agricultural Trade Development and Assistance Act of 1954)**

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
3	$2,000,000[1/]	Indefinite	3	$2,000,000	---

1/ Includes a proposed supplemental of $2,000,000 contained in the President's Budget.

Purpose and method of operations

To improve the quality of foreign language and area studies instruction in the United States, this program provides United States scholars, teachers, and advanced students an opportunity to conduct research and study abroad to further develop their technical capabilities and foreign area knowledge. Most of the program participants engage in a variety of individual and group projects which focus on foreign languages, area studies, world affairs, and intercultural understanding. These projects are designed to update the professional competencies of American educators, to further foreign language and area studies research, and to develop improved curricula and effective instructional materials for use in United States institutions. This program provides an opportunity for American educators to gain valuable first-hand knowledge and experience of the language and cultures of two important areas of the world--the Indian subcontinent and the Middle East--and expands the awareness of the American population in understanding other nations.

United States-owned foreign currency that the Treasury Department determines to be in excess of normal requirements is used to support significant educational activities overseas under the Fulbright-Hays program. Grants are provided on a competitive basis to institutions of higher education, individual researchers, State and local education agencies, and nonprofit educational organizations. A panel of outside consultants recommends approval of applications. Funds are currently available in Egypt, India, and Pakistan. Grants are funded for one year only.

1980 budget policy

To improve the quality of instruction in the United States relating to the Indian subcontinent and the Middle East, $2,000,000 is requested in fiscal year 1980 to fund 56 individual and group projects for 526 participants.

Group projects abroad: A total of 25 group projects abroad involving 500 teachers, prospective teachers, and school administrators will be supported. Seven group projects are long-term projects which last for more than six weeks. Three are advanced, intensive language training programs in Cairo, New Delhi, and Lahore, which will provide instruction for 80 participants. The other four long-term projects will involve a variety of area study research projects and cultural understanding studies in Egypt, India, and Pakistan involving 60 participants. The following table shows the distribution of funds for long-term projects:

	1979 Estimate 1/	1980 Estimate
No. of long-term projects....................	7	7
Average cost....................	$ 93,600	$ 93,600
Total cost....................	$655,000	$655,000
No. of participants....................	140	140
Average cost per participant....................	$ 4,700	$ 4,700

Eighteen short-term group projects, including five six-week summer institutes (three in India, one in Egypt, and one in Pakistan), will be supported in fiscal year 1980. 360 teachers will participate in various project activities that are designed to enable them to become knowledgeable about the culture of their country of study, thereby increasing the accuracy and effectiveness of the curriculum materials they develop upon their return to the United States. The following table shows the distribution of funds for the short-term projects:

	1979 Estimate 1/	1980 Estimate
No. of short-term projects....................	18	18
Average cost..................................	$ 52,300	$ 52,300
Total cost....................................	$942,100	$942,100
No. of participants...........................	360	360
Average cost per participant..................	$ 2,600	$ 2,600

Faculty research abroad: An estimated 12 faculty fellowships will be awarded to provide opportunities for research and study in the languages, area studies, and political systems and international affairs of Egypt, India, and Pakistan. Projects are designed to develop new knowledge and capability in the languages and understanding of these important world areas, which have traditionally not been widely included in the curricula of United States educational institutions. These faculty fellowships help universities and colleges strengthen their international studies program by 1) helping key faculty members remain current in their specialties, 2) keeping abreast of new trends and developments in these world areas, and 3) updating curricula and improving teaching methods and materials. The following table describes the distribution of funds for these fellowships:

	1979 Estimate 1/	1980 Estimate
No. of fellowships............................	12	12
Average cost..................................	$ 11,400	$ 11,400
Total cost....................................	$136,400	$136,400

Doctoral dissertation research abroad: A total of 14 doctoral dissertation fellowships will provide opportunities for advanced graduate students to engage in full-time dissertation research in Egypt, India, and Pakistan. These doctoral projects deal with foreign languages, world areas, and disciplines critical to the national interest for which adequate instruction has not been widely available in the United States, and for which there exists a shortage of trained personnel. The following table shows the distribution of funds for these fellowships:

	1979 Estimate 1/	1980 Estimate
No. of fellowships............................	14	14
Average cost..................................	$ 10,100	$ 10,100
Total cost....................................	$141,600	$141,600

Language and area research: Two grants will be awarded to United States educational institutions and/or individual scholars and researchers for linguistic studies and preparation of foreign language textbooks for use in advanced graduate level studies in the high priority languages of Arabic, Hindi, and Urdu. The following table shows the distribution of funds for this activity:

	1979 Estimate 1/	1980 Estimate
No. of projects...............................	2	2
Average cost..................................	$25,200	$25,200
Total cost....................................	$50,400	$50,400

Comparative education studies: Three grants will be awarded to foreign institutions in Egypt, India, and/or Pakistan for the compilation of annotated bibliographies and a variety of other research materials on education and related topics in the institutions' respective countries. The following table shows the distribution of funds for this activity:

	1979 Estimate 1/	1980 Estimate
No. of projects.............................	3	3
Average cost................................	$20,000	$20,000
Total cost..................................	$60,000	$60,000

Administrative support services to the Department of State: Funds will be used for professional support services provided by the bi-national commissions and United States embassies to grantees under this program. They act as surrogates for the United States Office of Education by providing administrative support and assistance to the United States fellows studying abroad under this program.

	1979 Estimate 1/	1980 Estimate
Professional support services................	$14,500	$14,500

1/ Includes a proposed supplemental of $2,000,000 contained in the President's Budget.

THURSDAY, MARCH 29, 1979.

STUDENT ASSISTANCE

WITNESSES

LEO KORNFELD, DEPUTY COMMISSIONER FOR STUDENT FINANCIAL ASSISTANCE
PETER VOIGT, DIRECTOR, DIVISION OF POLICY AND PROGRAM DEVELOPMENT
DAVID C. BAYER, ACTING CHIEF, GUARANTEED STUDENT LOAN BRANCH
MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
CORA BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
WILLIAM DINGELDEIN, DIRECTOR EDUCATION BUDGET ANALYSIS

STUDENT ASSISTANCE

Mr. NATCHER. The committee will come to order.

We take up at this time Student Assistance of the Office of Education. We have before the committee Dr. Mary Berry, along with Mr. Kornfeld, the Deputy Commissioner for Student Financial Assistance.

Who else do you have with you now?

Mr. KORNFELD. Mr. Chairman, may I introduce everyone in addition to Dr. Berry, whom you mentioned. On my left is Mr. Dingeldein from the Assistant Secretary's Office of Management and Budget. On my right is Peter Voigt, head of the Policy Division in the bureau. Next to Peter is David Bayer, who is Acting Chief, Guaranted Student Loan Branch, Division of Policy and Program Development, and Cora Beebe, Director of the Division of Planning and Budgeting.

Mr. NATCHER. Thank you, Mr. Kornfeld. We are delighted to have all of you before the committee.

We have had an opportunity to examine your statement. With your permission, we will insert your statement in the record in its entirety. You probably will want to highlight it. Go right ahead.

[The statement follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by

Deputy Commissioner for Student Financial Assistance

on

Student Assistance

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to present the fiscal year 1980 budget request to support the Office of Education's programs under the Student Assistance account.

The fiscal year 1980 budget request of $3,687,000,000, which represents over 37 percent of the Office of Education's budget, embodies one of our primary goals in education--to eliminate financial barriers to postsecondary education and to allow for a measure of choice in the selection of a postsecondary institution. Through a program of student grants, loans and jobs, this budget request not only responds to the rising cost of education but also broadens eligibility to a significantly growing number of students. Last year the enactment of the Middle Income Student Assistance Act broadened student eligibility under the Basic Grants program to students from middle-income families by reducing the amount which families were expected to contribute to postsecondary education. In 1980, this budget incorporates further implementation of this Act by redressing the inequitable treatment previously accorded independent students under the Basic Grants program.

The 1980 budget request represents a continuation and expansion of the policy enunciated in the 1979 appropriation. The total level of $3.7 billion, approximately $250 million less than in 1979, is designed to maintain comparable benefits to all qualified students, and does not represent any decrease in benefits. The slight decrease in budget authority primarily reflects lower cost projections to fully fund the Basic Grants program. Due to rising incomes and the accelerated efforts to detect fraud and abuse, the number of students participating in the program is projected to decline. This results in a lower projected cost for 1979 of $2,435,000,000, $165,000,000 below the 1979 appropriation. Therefore, although the 1980 budget request of $2,444,000 is $156,000,000 less than the 1979 appropriation, it is $9,000,000 above the projected costs of Basic Grants in 1979. In other words, the decline in budget authority from the 1979 appropriation to the 1980 request is not a real decrease in costs, but due to a 1979 appropriation which exceeds need.

I would now like to discuss the details of this request.

Basic Educational Opportunity Grants

The fiscal year 1980 budget request of $2,444,000,000 for the Basic Educational Opportunity program is based upon our best estimate of funds necessary to fully fund the program, with a maximum award of $1,800, and to implement those provisions of the Middle Income Student Assistance Act which relate to independent students. An additional 60,000 independent students will be eligible for Basic Grants under this proposal and the average grant for all students will rise from $892 in 1979 to $940 in 1980. Since the inception of this program, over ten million awards are expected to have been awarded to undergraduate students, growing from grants averaging $269 in 1973 to over three times that amount today.

Our $2.4 billion request, which is approximately $9 million above our present estimate to fully fund the program in 1979, includes a reappropriation of $726,000,000 of unused funds from the 1978 appropriation for use in fiscal year 1980. This amount will be available due to the reestimates of Basic Grants costs in both 1978 and in 1979.

Although our current estimates represent the latest information available to us, certain problems in projecting exact costs for the Basic Grants program remain. For example, the participation rates of the newly eligible population resulting from the Middle Income Student Assistance Act are still an unknown variable. In addition, a variety of factors which impact enrollment and costs are in flux and impede accurate projections. Should our projections underestimate the requirements to fully fund the Basic Grants program, we will meet our commitment and, if necessary, return here and request additional appropriations.

Campus-Based Programs: Supplemental Educational Opportunity Grants, Work-Study and Direct Loans

To supplement the Basic Grants program and provide a measure of flexibility for responding to individual needs at the campus level, our budget request maintains support for Supplemental Educational Opportunity Grants, Work-Study, and Direct Loans with a comparable level of services as provided for in fiscal year 1979.

Supplemental Grants

Our request for $340,100,000 for Supplemental Grants will provide 573,000 grants averaging $570 at over 3,400 institutions. The 1979 and 1980 levels of support in this program represent more than a 40 percent increase above the average funding level for the previous five years. The number of students aided has increased every year since the program began until a grand total of over five million grants will have been awarded with the 1980 budget request. This request will require a waiver of the Middle Income Student Assistance Act which provides for a minimum appropriation of $370,000,000.

Work-Study

The 1980 budget request for $550,000,000 maintains this program at the 1979 level. Through the matching provision of this program, over $600,000,000 is available for 990,000 student jobs with average earnings of $610. Over the past five years, it is expected that over $2.6 billion will have been made available in support of student jobs.

Direct Loans

Our request for the Direct Loans program provides an excellent example of our dual commitment to expand access and manage our programs more effectively. The budget request for $220,000,000 for new Federal capital contributions, although

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$90,000,000 below the fiscal year 1979 appropriation, does not represent a significant decrease in the volume of loan funds available to students. This maintenance of effort is possible due to increased collections on prior loans which reimburse the revolving loan funds and provide approximately the same level as the previous year. Over 900,000 awards, averaging $710, will be supported with this effort. With the 1980 budget, over $7 billion will have been generated since this program was initiated in support of student loans.

From the Direct Loans appropriation, up to $20,000,000 is reserved to ease the transition of institutions whose Federal capital contributions are reduced or eliminated under the proposed regulations when the default rate reaches a specified level, but which show evidence of improved managerial practices. We believe it is not equitable to penalize students at these institutions because of past administrative problems, especially given the inadequate Federal attention in the past to this problem both in identifying and assisting those schools to improve their collection efforts. Also, as a part of this budget request, a waiver of the requirements in the Middle Income Student Assistance Act that $286,000,000 be appropriated for Direct Loans is requested.

State Student Incentive Grants

Our budget request includes $76,750,000 for the State Student Incentive Grants program. This amount must be matched or exceeded by State funds. In total, over 300,000 student awards, averaging $500, will be provided. We believe that consideration of the expansion of this incentive program should be postponed until after reauthorization activities have been completed.

Administrative Support

The last item I wish to discuss is a new proposal to incorporate within this budget request the administrative costs associated with the Bureau of Student Financial Assistance. This is a consolidation of the sources of funding for the support services required to operate and manage the programs of the Bureau previously provided for under the administrative set-asides of Basic Grants and the Student Loan Insurance Fund and under the Salaries and Expenses account. Not included, of course, are funds for Office of Education staff salaries, travel, equipment, or other related costs.

By consolidating these activities which include contractual services for application processing, training, preclaims assistance and such, not only could the funds be more efficiently utilized, but less complex accounting procedures could be used. The request of $41,385,000 reflects an increase of $169,000 above the total amount appropriated under the three separate sources of funding for these programs in 1979.

Conclusion

Finally, we believe that the program of grants, loans, and jobs supported here achieve our goals of access and for all practical purposes remove financial hardship as a barrier to postsecondary education.

Our 1980 budget request will maintain services to already eligible students and expand coverage to a newly eligible group of independent students. Yet it will be accomplished with no increase in costs due to the efforts of this Administration to insure that student aid resources are distributed equitably and fairly to all who qualify.

IMPROVEMENTS IN STUDENT AID

Mr. **Kornfeld**. Thank you very much, Mr. Chairman. As background for this discussion, I think it might be appropriate if we just briefly discussed some of the major improvements we have made in the Student Financial Assistance program over the last year. As you know, when this administration took office, Secretary Califano reorganized the student assistance programs and put them all in one location, which is now the Bureau of Student Financial Assistance.

Some of the major things that we have done are: First in the basic grant program which, as you know, is the major grant program that we administer—we initiated 3 major activities. We implemented the multiple data entry program, which basically reduces the need for students filling out duplicate forms. Some 2.5 million students were able to go through the system and apply for these grants without filling out two forms, as they did in the past.

In addition, through edits and computer validation processes which we have initiated, we have reduced the cost of this program this year by about $570 million. We do not feel all of this is due to fradulent actions and that students are ripping off the government. As a matter of fact, we think to the contrary, part of the fault is the way the system is delivered to students.

We feel the costs of the program are reduced because we have in the past had inaccurate data and awarded grants based on inaccurate data. Now we have to continue the process we started last year but improve the delivery system so that we make sure students submit accurate data—data that we can validate—and still simplify the process for students.

In the Guaranteed Student Loan program we feel very strongly that the Federal Government can be very proud of the collection system that we have now been able to initiate using Federal employees. We have billing systems and incentive programs for those persons involved in collections. The default rate has gone from close to 14 percent to less than 10 percent in the last year.

For example, in fiscal year 1977 collections were about $9 million. In fiscal year 1978 we collected about $15 million. In fisal year 1979, in the 6 months that have transpired, we have collected over $17 million, which is already more than we collected in the entire previous year.

We anticipate we will collect $30 million this year and probably $50 million next year. As the President mentioned, we feel very strongly that the subject of default in this program will not be a problem to this country by the time the President's first term is over, and we think we will be able to achieve that goal.

We are also trying to make sure the government does not have to get into this default problem. We have initiated a program where we are doing more work with the various lenders in the country and working with them so that the claim never gets sent to the Federal Government. For example, in the State of California where we initiated this particular program, we have been able to reduce 40 percent of the defaults by directing students who may have been defaulters and put into the Federal system and put them into repayment with the commercial lender. So they never became defaulters.

In the campus-based programs we set up a new procedure for allocating the funds in this program which is based on need and not based on grantsmanship, who is more articulate and who can present a better picture. For the first time we feel that the funds have been distributed in a much more equitable way to those institutions that have the most need as compared to those institutions which have a system that worked somewhat better and could produce applications for grants in a more impressive way.

In the NDSL program—a program with which we are not happy—as you know, Secretary Califano announced about a month ago a procedure where we are going to put that program on the same kind of footing as the Guaranteed Student Loan program. We are optimistic that we will reduce the default rate. That program has been launched. We will initiate it in the Boston region.

I must also say that both in the Guaranteed Student Loan program and in the Basic Grant program our experience is that the country is not made up of a large group of students whose objective in life is to rip off the government. A lot of the problems we have had with student defaults could squarely be blamed on the government, more so than on the student. We find the students are now responsive and are doing what we all want them to do now that we have systems in place.

We now have program reviews. In the last six months of 1978, for example, we have identified liabilities that institutions owed the government of over $10 million. In the last two months the amount that we have identified is over $3 million and we do plan to initiate these same kinds of activities in reviewing State lenders and in State agency reviews.

I just mention all these briefly just to describe our concern and effort to make sure these programs work as well as they can and to use the dollars as well as we can for these purposes. There is a lot more to do and we intend to do a lot more and we certainly welcome the support that we have received from the Congress in the past and hope to continue in the future.

HIGHER EDUCATION ENROLLMENT

Mr. NATCHER. Thank you, Mr. Kornfeld.

In order to give the committee some background information, place in the record at this point a chart showing recent trends in higher education enrollment.

[The information follows:]

Total Enrollment in Institutions of Higher Education: United States, Fall 1963-1978 1/

(In Thousands)

Year (fall) (1)	Total enroll-ment (2)	Sex		Attendance status[1]		Control	
		Men (3)	Women (4)	Full-time (5)	Part-time (6)	Public (7)	Private (8)
1963	4,766	2,955	1,811	3,183	1,582	3,066	1,700
1964	5,280	3,249	2,031	3,558	1,722	3,468	1,812
1965	5,921	3,630	2,291	4,082	1,837	3,970	1,951
1966	6,390	3,856	2,534	4,439	1,951	4,349	2,041
1967	6,912	4,133	2,779	4,793	2,119	4,816	2,096
1968	7,513	4,478	3,035	5,210	2,303	5,431	2,082
1969	8,005	4,746	3,258	5,499	2,506	5,897	2,108
1970	8,581	5,044	3,537	5,815	2,766	6,428	2,153
1971	8,949	5,207	3,742	6,077	2,871	6,804	2,144
1972	9,215	5,239	3,976	6,072	3,142	7,071	2,144
1973	9,602	5,371	4,231	6,189	3,413	7,420	2,183
1974	10,224	5,622	4,601	6,370	3,853	7,989	2,235
1975	11,185	6,149	5,036	6,841	4,344	8,835	2,350
1976	11,012	5,811	5,201	6,717	4,295	8,653	2,359
1977	11,287	6,026	5,261	6,781	4,506	8,922	2,365
1978	11,223	5,637	5,586	6,592	4,631	8,794	2,429

1/ Enrollment for 1978 from Fall Enrollment in Colleges and Universities, 1978 Preliminary Estimates, National Center for Education Statistics Bulletin, December, 1978. Remainder of enrollment figures from Projections of Education Statistics to 1986-87, National Center for Education Statistics, 1978.

Mr. NATCHER. Also include your best estimate of projected enrollment over the next 5 years.

[The information follows:]

Projections of Total Enrollment in Institutions of Higher Education: United States, Fall 1979-1986 1/

(In Thousands)

Year (fall) (1)	Total enroll-ment (2)	Sex		Attendance status¹		Control	
		Men (3)	Women (4)	Full-time (5)	Part-time (6)	Public (7)	Private (8)
1963	4,766	2,955	1,811	3,183	1,582	3,066	1,700
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1965	5,921	3,630	2,291	4,082	1,837	3,970	1,951
1966	6,390	3,856	2,534	4,439	1,951	4,349	2,041
1967	6,912	4,133	2,779	4,793	2,119	4,816	2,096
1968	7,513	4,478	3,035	5,210	2,303	5,431	2,082
1969	8,005	4,746	3,258	5,499	2,506	5,897	2,108
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1971	8,949	5,207	3,742	6,077	2,871	6,804	2,144
1972	9,215	5,239	3,976	6,072	3,142	7,071	2,144
1973	9,602	5,371	4,231	6,189	3,413	7,420	2,183
1974	10,224	5,622	4,601	6,370	3,853	7,989	2,235
1975	11,185	6,149	5,036	6,841	4,344	8,835	2,350
1976	11,012	5,811	5,201	6,717	4,295	8,653	2,359
1977	11,287	6,026	5,261	6,781	4,506	8,922	2,365
1978	11,223	5,637	5,586	6,592	4,631	8,794	2,429
1979	11,524	6,161	5,363	6,735	4,789	9,189	2,335
1980	11,631	6,214	5,417	6,720	4,911	9,309	2,322
1981	11,646	6,241	5,405	6,661	4,985	9,352	2,294
1982	11,602	6,223	5,379	6,575	5,027	9,348	2,254
1983	11,510	6,183	5,327	6,475	5,035	9,300	2,210
1984	11,367	6,117	5,250	6,350	5,017	9,208	2,159
1985	11,204	6,034	5,170	6,224	4,980	9,097	2,107
1986	11,040	5,930	5,090	6,099	4,941	8,983	2,057

1/ Projections of Education Statistics to 1986-87, National Center for Education Statistics, 1978.

AID TO LOW-INCOME STUDENTS

Mr. **Natcher**. Student aid from Federal funds was about $500 million in 1970. The 1980 budget, the amount requested for student aid is about $3.7 billion. What evidence is available to show that the increase in Federal student aid has given low-income individuals access to higher education?

Mr. **Kornfeld**. We will provide specific data for the record, Mr. Chairman, to give specific evidence.

[The information follows:]

The evidence exists in the number of low income students who would not have the financial capacity to attend postsecondary education without financial aid. In the Basic Grants program it is estimated that over 890,000 students in 1980 whose incomes are below $10,000 will receive aid. In the campus based programs the target population is the student in financial need. For Supplemental Grants 35 percent of the recipients, in Work-Study 28 percent of the recipients, and in Direct Loans over 20 percent of the recipients have incomes below $8,000.

Mr. **Kornfeld**. But let me give you some examples of the kinds of changes that have occurred. Thanks to the Middle-Income Act which Congress passed last year, as you know, we are now in a position where we can reasonably state that there are very few people, if any, in this country today that are denied the opportunity for low-cost 4-year college education because of lack of funds.

With the Basic Grant, the loan programs and the work-study program we have just about achieved that objective, which, as you know, is primarily an objective to see that no one is denied an opportunity for postsecondary education for financial reasons. I can go through the specific arithmetic with you, but just briefly, take a student who goes to school where the cost is about $3,000, which is about the average cost for a 4-year State college for tuition and room and board expenses. Between the Basic Grant program, the loan program and the work-study program that student could receive all the funds needed to finance his or her education.

The other thing that the statistics which we will put in the record will clearly indicate for each of these programs is the number of low-income persons assisted, the average size of the Basic Grant by income category, and number of recipients in each of these programs.

Mr. **Natcher**. You can expand on that for the record.

[The information follows:]

STUDENT ASSISTANCE

Number of Awards
Average Grant

Program	1978	1979	1980
Basic Grants	1,821,000	2,728,000	2,598,000
(Average grant)	($867)	($892)	($940)
Supplemental Grants	463,000	573,000	573,000
(Average grant)	($570)	($570)	($570)
Work-Study	796,400	990,000	990,000
(Average grant)	($610)	($610)	($610)
Direct Loans	874,000	914,000	902,000
(Average grant)	($710)	($710)	($710)
State Student Incentive Grants	225,000	307,000	307,000
(Average grant)	($500)	($500)	($500)
Total Awards	4,209,400	5,512,000	5,370,000

The following is a breakdown of the number of students by income category receiving assistance through the Campus-Based Programs (National Direct Student Loan, College Work Study and Supplemental Educational Opportunity Grant Program) and the Basic Educational Opportunity Grant Program:

Distribution of Students Aided by Income Category

Basic Grants Program
Award Period 77-78

Income Range	Number of Students
$ 0 - 3,000	658,370
$3,001 - 6,000	451,976
$6,001 - 9,000	327,530
$9,001 - 12,000	215,306
$12,001- 15,000	121,374
$15,000 or more	71,524
Total	1,846,080

Total Expenditures = $1,587,863,624

Distribution of Students Aided And Amount Spent by Income Category - Dependent Students

Campus-Based Program*
Award Period 1977-78

Income Range	Number of Students	Dollar Amount
$ 0 - 5,999	255,753	195,610,029
$ 6,000 - $11,999	572,584	254,150,509
$12,000 - $17,999	237,929	909,647,647
$18,000 - $23,999	126,562	118,863,273
$24,000 - $29,999	40,961	35,891,138
$30,00 and over	13,610	11,499,173
Total	1,247,399	1,525,661,769

*Preliminary - Taken from the Fiscal Operations Report

AID TO MIDDLE-INCOME STUDENTS

Mr. **Natcher**. In addition to low-income individuals who want to obtain additional education, we are concerned about middle-income students. We have men on this subcommittee, as Dr. Berry will tell you, that each year say to you people, what about the level just above the poverty level? Are these boys and girls denied an education through lack of financial assistance, or are you taking care of them? We know what the charts show, we know what the amounts are before the committee, but we want you to amplify this answer in the record.

[The information follows:]

Students who are not on the poverty level but estimated to receive a Basic Grants number 713,000 for those whose incomes are above $20,000 in fiscal year 1979. In the campus based programs, those whose incomes are above $15,000 receive over 6% of the Supplemental grants, over 11% of the Work-Study awards and over 14% of the Direct Loans.

> The best example of how middle income families will be aided through the increase of funds in the Basic Grant program is reflected by the following. Comparison of award levels for different income groups for 1978-79 versus 1979-80.
>
> Assumptions:
>
> 1. Family size of four.
> 2. Two parents in household.
> 3. One parent employed.
> 4. One dependent in postsecondary education.
> 5. No contribution from assets.
> 6. No unusual expenses.
> 7. No elementary and secondary tuition offset.
> 8. Federal Income Taxes extracted from the 1977 IRS Tax Tables for academic year 1978-79.
> 9. Federal Income Taxes extracted from the 1978 IRS Tax Tables for academic year 1979-80.
> 10. Actual Family Size Offsets used for academic years 1978-79 and 1979-80.
> 11. 20/30% Parental Income Assessment Rates applied to 1978-79 Adjusted Gross Incomes.
> 12. 10.5% Parental Income Assessment Rate applied to 1979-80 Adjusted Gross Incomes.

Cost of Attendance: $1800

Income Intervals	Academic Year 1978-1979	Academic Year 1979-1980
$ 5,000	$912	$912
$10,000	$912	$912
$15,000	0	912
$20,000	0	676
$25,000	0	326
$30,000	0	0

Cost of Attendance: $2400

Income Intervals	Academic Year 1978-1979	Academic Year 1979-1980
$ 5,000	$1212	$1212
$10,000	1000	1212
$15,000	0	1076
$20,000	0	676
$25,000	0	326
$30,000	0	0

Cost of Attendance: $3600

Income Intervals	Academic Year 1978-1979	Academic Year 1979-1980
$ 5,000	$1600	$1800
$10,000	1000	1526
$15,000	0	1076
$20,000	0	676
$25,000	0	326
$30,000	0	0

Mr. Natcher. Briefly tell us about it.

Mr. Kornfeld. Thanks to the Middle Income Student Assistance Act which Congress passed last year, the middle income students in this country are now also for the first time in history getting equitable treatment as far as postsecondary educational opportunities. For example, the Basic Grant program was a program pretty much limited to those families that had adjusted gross income under $15,000. Now the income level served will be closer to $25,000, which means basically that middle income families will obtain grants for the first time this year.

In addition, eligibility for interest subsidies under the Guaranteed Loan program now has no income ceiling on it. In the past that program was generally only available for those persons in the country that came from families with income under $25,000 since banks did not wish to make unsubsidized loans. Now every person is eligible for interest subsidies and therefore a guaranteed loan. That means that not only will that student be able to obtain $2,500 per year to pay his or her education, but, to translate that into actual cash value, that is worth $400 in interest benefits for every family that has one child in school. So I think we have gone a long way to assist more people than we have had in the past.

We estimate that we will be providing some assistance now to better than 60 percent of all the students that seek postsecondary education. We estimate some 6 million grants will be provided next year.

Ms. Beebe. Mr. Chairman.

Mr. Natcher. Go right ahead.

Ms. Beebe. It might be interesting to note that in our work-study program, for example, 28 percent of the participating students during academic year 1976–77 were from family incomes of $12,000 or more.

In the BEOG program, 22 percent during academic year 1977–78 were from families with $15,000 or more. In our State Student Incentive grant it was approximately 15 percent of our awards to students from that same level of income.

Dr. Berry. I would only add that one can say succinctly that financial barriers to postsecondary education opportunities should be removed by the legislation that is in effect and by the programs we operate for people at all income levels.

EFFECT ON TUITION COSTS

Mr. Natcher. To what extent has the increase in Federal student aid affected tuition costs?

Mr. Kornfeld. We have no specific evidence at this point. If one looks at the past, the evidence does indicate that the cost of education has not increased at a higher level than inflationary costs. Right now, with more money going out there, we do open up the possibility that what has occurred in the past may not continue in the future.

We do not, of course, know that, but we have no specific evidence at this point that determines that these programs are triggering increased tuition costs.

Mr. **Natcher.** When you get the transcript back, amplify your answer a little more, if you will, Mr. Kornfeld. I think now when you do a little checking, additional investigation, you are going to find a change.

Mr. **Kornfeld.** One concern that we have is that additional funds and expanded eligibility for Federal student aid may change this situation. For example, prior to the 1979-80 academic year, Federal aid recipients did not represent the majority of students enrolled in postsecondary education. As a result, schools could not easily increase costs because of increased availability of Federal aid. Now, with the passage of MISAA and the increased funding levels included in the fiscal year 1979 Appropriations Act, we estimate that well over 50 percent of the postsecondary population will receive Federal aid. This reduces the constraints that schools might have had before not to increase costs since the majority of students could have these highter costs absorbed through the new availability of Federal funds.

Dr. **Berry.** I just wanted to add that tuition costs are affected by a number of factors, not just the student aid program.

Mr. **Natcher.** No, but it plays a role, and probably a major role.

Dr. **Berry.** I also point out that institutions have an interest in maintaining as low a tuition as they can, given the decline in enrollments. You will find that there are a number of variables.

Mr. **Bayer.** One thing that is important to note, the Congress in the health committees established a Health Education Assistance Loan Program with the Congressional committees stating in the record that one of the purposes of that program was to enable the medical schools especially to raise their tuition appropriately to meet the needs of the schools in financing this very costly-type education.

LEGISLATION IS SUPPORT OF BUDGET

Mr. **Natcher.** Tell me, is any part of this budget request for student aid dependent upon the enactment of new authorizing legislation?

Dr. **Berry.** Yes.

Mr. **Kornfeld.** For example, in the supplemental opportunity grant program, the trigger is $370 million. Our proposal is to hold that particular program appropriation level at $340 million.

Mr. **Natcher.** Do you have legislation pending to that effect?

Dr. **Berry.** We have requested those changes, Mr. Chairman.

Mr. **Natcher.** All right.

Mr. **Kornfeld.** Also, there are two other triggers, one in work-study and one in direct loans. The other subject that would require legislation is the carryover in the Basic Grant program. As you know, the law requires that we cannot carry over more than 15 percent. This year the amount of carryover will be significantly higher than that.

Mr. **Natcher.** What amount are you proposing to carry over?

Mr. **Kornfeld.** $561 million will be carried over and it is a complicated formula because we are also going to request $176 million so we will eventually end up with a carryover of——

Dr. **Berry.** $726 million.

Ms. **Beebe.** We are trying to handle that through reappropriation of those funds rather than asking for extending availability for carryover. We are asking for them to be reappropriated.

Mr. **Natcher.** At this point in the record place a list of any authorizing legislation that is necessary to enact this appropriation with the amounts that we have before the committee. Tell us about your carryover money and go into a good bit of detail, please.

[The information follows:]

Legislation necessary to enact fiscal year 1980 budget request.

1. * * * Provided, That not more than $726,000,000 of the amount appropriated for fiscal year 1979 under this head for Subpart 1, Part A of Title IV of the Higher Education Act shall remain available through September 30, 1981 for Basic Educational Opportunity Grants without regard to Sections 411(b)(3)(B)(ii) and 411(b)(4) (B) of the Higher Education Act of 1965 * * *

Explanation: This language provides for the reappropriation of $726 million from the fiscal year 1978 appropriation for use in the fiscal year 1980 Basic Grant program to augment the request of $1.718 billion for a program level request of $2.444 billion.

A reappropriation occurs when Congress takes action to continue availability of unobligated funds that would have expired or would otherwise expire. The 1978 funds will expire on October 1, 1979 unless Congress takes action through legislation to make the funds available for use through September 30, 1981.

The $726 million available in fiscal year 1978 is composed of $561 million which is available from excess appropriation for the 1978-79 award period and from $165 million which will be available from the 1979-80 award period. It is proposed to use the $165 million for the 1978-79 award period in order to free up that amount of 1978 funds for reappropriation. This will leave a remainder of $2.435 billion of 1979 funds to support the 1979-80 award period, sufficient under our present estimates to fully fund the program.

2. * * * Provided further, That amounts appropriated for Basic Opportunity Grants shall be available first to meet any insufficiencies in the entitlements resulting from the payment schedule for Basic Opportunity Grants published by the Commissioner of Education during the prior fiscal year * * *

Explanation: This provision permits the use of 1980 appropriated funds for the Basic Grant program to meet, as a first priority, insufficiencies which might occur with respect to payments under the academic year 1979-80 payment schedule in case of unanticipated increases in the demand for Basic Grants.

3. * * * Provided further, That pursuant to Section 411(b)(4)(A) of the Higher Education Act, amounts appropriated herein for Basic Opportunity Grants which exceed the amounts required to meet the payment schedule published for any fiscal year by 15 per centum or less shall be carried forward and merged with amounts appropriated the next fiscal year * * *

Explanation: This provision permits, pursuant to authorizing legislation, the carrying forward of up to 15 percent of amounts appropriated for Basic Opportunity Grants for use in the subsequent academic year.

4. * * * Provided further, That funds appropriated for Basic Opportunity Grants may be paid without regard to Section 411(b)(5) * * *

Explanation: This provision waives the requirement in the authorizing legislation, as amended by P.L. 95-566, that requires a minimum appropriation of $370 million for Supplemental Grants and $286 million for Direct Loans before any payments are made under the Basic Grant program. The fiscal year 1980 budget request proposes $340.1 million for Supplemental Grants and $220 million for Direct Loans, both amounts below the levels stipulated in the authorizing legislation.

5. * * * Provided further, That up to $20,000,000 of funds appropriated for Part E, Title IV of the Higher Education Act may be distributed as the Commissioner of Education determines without regard to Section 462 of the Higher Education Act of 1965 * * *

Explanation: This provision reserves up to $20,000,000 of the appropriation for Federal capital contributions under the Direct Loan program to provide funds for institutions which no longer qualify for Federal capital contributions but are making efforts to improve managerial practices. This permits the allocation of this amount to institutions at the discretion of the Commissioner to overcome inequities which might occur in adherence to regulations.

CONSUMER INFORMATION

Mr. **Natcher**. How do families and young people find out about the amount and kind of student aid available?

Mr. **Kornfeld**. Right now the prime source is through their guidance counselors, if they are entering students. We have launched a program which will be enacted very soon now. We have hired a contractor and we are going to do spots on TV and radio and advertise the fact of what the Middle Income Act has done and what opportunities there are for people based on the Middle Income Act.

Mr. NATCHER. Does your office have any direct responsibility to furnish this information?

Mr. KORNFELD. We think we do. We think it is essential that we communicate this and make sure that the public knows what Congress has passed and what is available to the public.

Mr. NATCHER. A recent survey of college freshmen showed that 31 percent never heard of the Basic Grants program and 72 percent never heard of the Guaranteed Loan Fund.

Mr. KORNFELD. That is right. And that is a concern of ours.

Mr. NATCHER. Have you checked into this situation?

Mr. KORNFELD. Yes; we also have been very concerned about the fact that not only do the people not know about the program but they have misinformation about the programs. People still think, for example, this is not a need-based program, but a scholarship program.

There is gross misinformation out there about these programs. We put out a brochure about a year ago which tried to put a description of these programs in very simple language. When you try to describe them in detail, it just overwhelms most people. We distributed millions of copies of this brochure.

We have a brochure which has more detail which we have distributed, but we still feel we have not accomplished our objective. Those statistics you just read certainly indicate that. That is why we have now retained this firm to put on TV spots. They are going to be in English and Spanish. We are going to put them on rock stations and do TV spots and other kinds of things to make sure the people in this country do know what the Middle Income Act does provide.

Mr. NATCHER. Would you send an adequate number of your brochures to us so that the members of the subcommittee may have a copy of these samples.

[The information follows:]

Student Consumer's Guide

Six Federal Financial
Aid Programs, 1979-80

Financial Aid?

[illegible] Health, Education, and Welfare

To help you finance your education and training after high school, the U.S. Office of Education (USOE) offers six student financial aid programs:

Basic Educational Opportunity Grant *(BEOG)*

Supplemental Educational Opportunity Grant *(SEOG)*

College Work-Study *(CW-S)*

National Direct Student Loan *(NDSL)*

Guaranteed Student Loan *(GSL)*

Health Education Assistance Loan *(HEAL)*

To be eligible for aid under any of these programs, you must be enrolled at least half-time in an eligible program at a postsecondary college, university, vocational school, technical school, or hospital school of nursing) participating in USOE financial aid programs. You must also meet the citizenship requirements discussed on page 1.

With the exception of GSL and HEAL, Federal student assistance is awarded on the basis of need. Need is the difference between your educational expenses—tuition, fees, room, board, books, supplies, and miscellaneous expenses—and the amount you and your family can afford to pay. There are several different systems for determining your need. While all of these systems take into account the same factors, such as income, assets, and family size, they do not all evaluate these factors in the same way. The estimate of how much you and your family can afford will vary, depending on which system is used at your school.

There are many other sources of student financial aid besides those described in this booklet. The best source of information on other sources of aid is the financial aid office at your school.

Discrimination Prohibited: No person in the United States shall, on the ground of race, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance, or be so treated on the basis of sex under most education programs or activities receiving Federal assistance.

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General Information

When you apply for aid under any of the U.S. Office of Education programs, you should become familiar with all the rules, requirements, obligations, and deadlines which apply to you. Specific information about each of the programs is provided in other sections of this booklet. However, there are a few points you should keep in mind:

1. Each USOE program falls into one of three categories: grants, loans, or employment. Grants are outright gifts of money; they do not have to be repaid. Loans are borrowed money which must be repaid with interest. Employment allows you to work and earn the money you need.

2. To be considered for aid from any of the USOE programs, you must complete the application forms accurately and submit them on time. You are also responsible for checking the status of your application to be sure that it has been processed.

3. You must reapply annually. Aid from these programs does not continue from one year to the next.

4. To apply under any of the USOE programs, you must meet one of the following citizenship requirements: Be a citizen, national, or permanent resident of the United States, the Northern Mariana Islands, or the Trust Territory of the Pacific Islands, or be in the United States for other than a temporary purpose and be able to provide documentation of your intent to become a permanent resident. (See your financial aid officer for acceptable documentation.) If you are in the United States on an F1 or F2 student visa only, you are not eligible for Federal student aid.

5. In order to receive aid from these sources, you must be enrolled in an eligible course of study at one of about 9,000 institutions participating in USOE financial aid programs. Not all institutions participate in all the programs. To check the eligibility of a school and its programs, as well as the availability of financial aid, contact the school's financial aid office.

6. Although the U.S. Office of Education determines the eligibility of a school for participation in USOE financial aid programs, the Government does not make judgments about or endorse the quality or suitability of the education offered by the school. It is your responsibility to carefully evaluate the content and quality of the school and its curriculum.

7. Undergraduates may apply for any of the USOE programs. Graduate students may apply only for National Direct Student Loans, Guaranteed Student Loans, College Work-Study, and Health Education Assistance Loans.

8. All of these programs except College Work-Study set limits on the total amount of aid you can receive or the number of years you can receive it. It is important to know these limits so that you can make other plans for financing that part of your education which exceeds the limits.

9. To receive Federal aid, you must:

(a) Be making satisfactory progress toward the completion of your course of study;

(b) Not be in default on a National Direct Student Loan or Guaranteed Student Loan; and

(c) Not owe a refund on a Basic Grant or Supplemental Educational Opportunity Grant.

10. If you transfer from one school to another, your financial aid does not automatically go with you. You must take the action necessary to continue receiving aid at your new school. As soon as possible, check with the financial aid officer at your new school to find out what aid will be available and what steps you must take.

Since many schools require transfer students to submit a financial aid transcript from their old school, check to see if this is a requirement at your new school.

If you have a Guaranteed Student Loan, check with the lender to be sure you can continue your loan at your new school.

If you have a Basic Grant, you must get a duplicate copy of your Student Eligibility Report (this report is described in the section of this booklet on Basic Grants) to submit to the new school's financial aid officer.

If you have a National Direct Student Loan, a Supplemental Educational Opportunity Grant, or a College Work-Study job, you must reapply at your new school.

11. Aid received from any USOE program must be used only for educational purposes. Before you receive any money, you must sign and have notarized an affidavit stating that you will use the money only for such purposes. These include payments for tuition, fees, room, board, books, supplies, and other items related to your attendance at a particular school.

Your Rights and Responsibilities As A Student Consumer

Postsecondary education or training requires your investment of money, time, and hopes for which you expect returns in the form of productive employment, social development, intellectual enrichment, or personal satisfaction. A postsecondary education is one of the largest investments you will make. As a consumer, it is your responsibility to carefully evaluate the product (education or training) and fully understand what it is you are about to purchase.

Before you make a final decision on your education or training, you as a consumer should have information about the school's: academic program, facilities, drop-out rates, full cost of attendance, refund policy, financial aid programs, any other information you will need to help you make your decision.

Remember, the final choice is yours. Be sure you fully understand all your options and your responsibilities before you make your decision.

Student Rights

You have the right to:

- Know what financial assistance is available, including information on all Federal, State, and institutional financial aid programs.
- Know the deadlines for submitting applications for each of the financial aid programs available.

- Know the cost of attending the institution and the school's refund policy.
- Know the criteria used by the institution to select financial aid recipients.
- Know how the school determines your financial need. This process includes how costs for tuition and fees, room and board, travel, books and supplies, personal and miscellaneous expenses, etc., are considered in your budget.
- Know what resources (such as parental contribution, other financial aid, your assets, etc.) are considered in the calculation of your need.
- Know how much of your financial need, as determined by the institution, has been met.
- Request from the financial aid office an explanation of the various programs in your student aid package. If you believe you have been treated unfairly, you may request reconsideration of the award which was made to you.
- Know what portion of the financial aid you received must be repaid, and what portion is grant aid. If the aid is a loan, you have the right to know what the interest rate is, the total amount that must be repaid, the payback procedures, the length of time you have to repay the loan, and when repayment is to begin.
- Know how the school determines whether you are making satisfactory progress, and what happens if you are not.

Student Responsibilities

It is your responsibility to:

- Review and consider all information about the school's program before you enroll.
- Complete all application forms accurately and submit them on time to the right place.
- Pay special attention to and accurately complete your application for student financial aid. Errors can result in long delays in your receipt of financial aid. Intentional misreporting of information on application forms for Federal financial aid is a violation of law and is considered a criminal offense subject to penalties under the U.S. Criminal Code.
- Return all additional documentation, verification, corrections, and/or new information requested by either the financial aid office or the agency to which you submitted your application.
- Read and understand all forms that you are asked to sign and keep copies of them.
- Accept responsibility for all agreements you sign.
- If you have a loan, notify the lender of changes in your name, address, or school status.
- Perform the work that is agreed upon in accepting a College Work-Study award.
- Know and comply with the deadlines for application or reapplication for aid.
- Know and comply with your school's refund procedures.

Basic Educational Opportunity Grant Program

Basic grants for the 1979-80 award period (July 1, 1979 to June 30, 1980) will range up to $1,800, depending on your eligibility as determined by a standard formula. Unlike the other USOE financial aid programs, all eligible students will receive Basic Grant awards.

To be eligible for a Basic Grant you must: (a) be determined to have financial need based on the Basic Grant eligibility formula and the cost of your education; (b) be an undergraduate student enrolled in an eligible program at an eligible institution at least half-time; (c) meet the citizenship requirements discussed on page 1; and (d) not have used your full eligibility for Basic Grants.

In general, you may receive Basic Grants for four full years. However, you can receive a Basic Grant for up to one additional year if: (a) you are enrolled in a course of study designed by your school to require up to five years for a first degree, or (b) your school requires you to enroll in a non-credit remedial course of study which will delay completion of a regular program.

Although you will probably be paid your Basic Grant through your school, your eligibility and the actual amount of your award are determined by the Office of Education. The financial aid officer at your school cannot make any adjustments in your Basic Grant beyond those required by the Government.

Your financial need is determined on the basis of a formula developed annually by the Office of Education and reviewed by Congress. This formula is applied consistently to all applicants and takes into account indicators of financial strength, such as income, assets, family size, etc. The formula uses the information you provide on your application to produce an eligibility index number. This number is not a dollar figure, but is used, along with the cost of your education, to determine the actual amount of your grant.

Due to the formula nature of the program and the necessity for treating every applicant in the same manner, the individual circumstances of applicants and their parents cannot be taken into account. Other Federal, State and private student aid programs do allow the institution's financial aid officer to take into account special circumstances affecting the financial need of the individual student.

Because of the complexity and length of the eligibility formula, it is not included in this "Student Guide." However, you can get a pamphlet which describes the formula in detail by writing to: BEOG, P.O. Box 84, Washington, D.C. 20044 and asking for a copy of "Determination of Basic Grant Eligibility Index, 1979-80."

Your eligibility for a Basic Grant does not directly affect your eligibility for other aid. However, your school or State may require that you apply for a Basic Grant before you can be considered for other aid. For specific information on the requirements of State or private financial aid programs, you should see the financial aid officer at your school.

How to Apply

You must apply for a Basic Grant each year. You can apply for the 1979-80 award period between January 1, 1979 and March 15, 1980. Filing any one of the following application forms will allow you to be considered for a Basic Grant:

Family Financial Statement (FFS) distributed by the American College Testing Program (ACT)

Financial Aid Form (FAF) distributed by the College Scholarship Service (CSS)

Pennsylvania Higher Education Assistance Agency (PHEAA) Form

Student Aid Application for California (SAAC)

1979-80 Application for Determination of Basic Grant Eligibility distributed by the BEOG program.

To find out which form you should file, contact the financial aid officer at each school you are considering.

If you file one of the first four forms, you must be sure that you check the appropriate item indicating that you are also applying for Basic Grant eligibility. If you do not, you will have to file again if you want to apply for a Basic Grant.

There is no charge for applying for a Basic Grant. However, there is a small charge for using either the FFS or FAF to have your need determined for other aid. If you use the FFS or FAF to apply only for a Basic Grant, there is no charge.

No matter which form you use to apply for a Basic Grant, you must complete the form carefully, accurately, and legibly. Failure to do so will cause delays in processing your application. Send the completed application to the address specified. If you send it to another location, you will delay the processing of your form. If you have difficulty in completing your form or do not understand the directions, you should see the financial aid officer at your school.

The Basic Grant application packet will include a post card. If you submit the post card with your application, it will be returned to you and will indicate the approximate date you will receive your Student Eligibility Report (SER), which is the official notification of your eligibility index for a Basic Grant. If you do not receive the post card within a month after sending in your application, submit another application. If you file one of the other forms, no post card is provided. However, you should receive an SER about six weeks after filing any of the applications. If you do not, see your high school counselor or financial aid officer. You must have this document in order to receive your Basic Grant.

Helpful Hints on Completing the Application Form

1. Read and follow the application instructions carefully
2. Submit only one application
3. Do not attempt to make corrections by filing a second application. Corrections must be made on your SER.
4. Do not write notes on the application form or attach letters, tax forms, etc., to your application. This will delay the processing of your application.
5. Be sure to include your permanent and complete mailing address.
6. Fill in all blanks. Do not use N/A, none or unknown.
7. Write legibly.
8. Use dollar amounts only. Round figures to the nearest dollar.
9. Keep the instruction booklet for later use. It is needed if any corrections are to be made.

Student Eligibility Report *(SER)*

After your application is processed, you will receive a Student Eligibility Report (SER), which is the official notification of your eligibility index number. The lower the number, the higher your award will be. In order for you to **receive your Basic Grant, you must have a correct and complete SER.**

There are four sections on the SER. Section 1 contains all the information you reported which was used to calculate your eligibility index. Section 2 contains important information about your application, including your eligibility index number. Section 3 contains the estimated amount of your Basic Grant award, based on the assumption that you will be enrolled as a full-time student for a full year. Section 4 will be completed by your school after your enroll. It will show the actual amount of your award.

When you receive your SER, review it carefully, paying particular attention to Sections 1 and 2. Section 1 must be correct as of the date you signed your application, or it will not be considered valid and you will not receive your Basic Grant award.

The instructions in Section 2 must be carefully followed. If additional information is requested, it must be provided. In addition, certain assumptions may have been made about your application. These assumptions will be listed in Section 2 of the Student Eligibility Report. If any assumption is incorrect, your SER is not valid until it is corrected.

Corrections

To correct a mistake on the SER, remove the last page, draw a line through the incorrect information, write the correct information above it, sign the certification on the back (if you are a dependent student, you and a parent must sign it) and mail this corrected, signed SER to: BEOG, P.O. Box H, Iowa City, Iowa 52240. Any corrected SER that is not signed will not be processed. You will receive a revised SER in about four weeks.

You cannot update the information in Section 1 of the SER to reflect changes that have occurred since you signed the application. You may only change information that was incorrectly entered on the application.

Helpful Hints on Making Corrections to Your SER:

1. Review your SER to ensure that all information is correct.
2. Carefully read the directions on the reverse side of your SER. Make any corrections that are necessary, not just the information in Section 2.
3. If the answer to an item would be "not applicable", "none", or "unknown", fill in that item with zero.
4. Use dollar amounts only. Round figures to the nearest dollar.
5. Always sign the reverse side of the copy of the SER on which you have made corrections. If you are a dependent student, your SER must be signed by you and one parent.
6. Submit the signed copy of your SER. Keep the other copies in case your corrected SER is lost in the mail or an error was made in making corrections.

Supplemental Form

Generally, your eligibility will be calculated on the 1978 financial information you put on your application. However, certain circumstances may occur after you have filed your application that could drastically affect your financial strength. Therefore, under certain specific conditions, you can file a Supplemental Form which allows you to have your eligibility index calculated on the basis of your estimated 1979 income. The specific conditions under which you may file a Supplemental Form are:

- A parent or spouse whose 1978 income was included on the Basic Grant application form died since the application was filed.
- A parent or spouse whose 1978 income was or would have been included on the application for a Basic Grant has been totally unemployed for at least 10 weeks in 1979.
- The parents of the applicant have been separated or divorced since an original 1979-80 application for a Basic Grant was submitted.
- The applicant has become separated or divorced since the original 1979-80 application for a Basic Grant was submitted.
- The applicant, parent, or spouse whose 1978 income was or would have been included on the application for a Basic Grant has been unable to pursue normal income-producing activities for 10 weeks or longer during 1979 due to loss or damage to income-producing property as a result of a natural disaster or disability that occurred during 1978 and 1979.
- The independent applicant who was employed full-time (at least 35 hours per week) for a

minimum of 30 weeks in 1978 is no longer employed full-time.

- The applicant, parent, or spouse whose 1978 income was or would have been included on the application for a Basic Grant has experienced a loss of unemployment benefits in 1978 or 1979.

Remember: The Supplemental Form cannot be used to appeal the calculation of your eligibility index. If you file a Supplemental Form, you must also include a Basic Grant application with it. No other financial aid form can be used for this purpose. Follow the instructions on the Supplemental Form carefully. If you have difficulty filling out the form, see the financial aid officer at your school.

Determination of Award

The actual amount of your grant is determined by your eligibility index number, the total cost of attending your school, and your enrollment status. Thus, two students with identical eligibility index numbers, but with different costs of education, may receive grants of different amounts. In addition, your award may be reduced if you are enrolled less than full-time or if you are enrolled for less than a full school year.

Payment

You cannot be paid your grant until you are enrolled in an eligible program at an eligible institution. After you register for classes, your financial aid officer will use a standard method to calculate the actual amount of your award and enter it on your SER.

You will receive payment of your Basic Grant by one of two methods, the Regular Disbursement System or the Alternate Disbursement System. Your school chooses the system under which it prefers to operate.

Regular Disbursement System

The Office of Education does not send your school a check with your name on it. Instead, the Government places in a bank an amount of money large enough for your school to make Basic Grant payments to all its students.

The Basic Grant regulations require institutions to make payments at least once every academic term (semester, trimester, or quarter). Schools without formally defined terms must make payments at least twice a year. Of course, a school may pay more frequently if it wishes to do so.

Your school may choose the method it will use to pay you. It may credit your Basic Grant directly to your account, give you a check, or use a combination of these methods. When a school credits your account, it must notify you in writing of the amounts and methods of payment. For the school's records, you should acknowledge this notification in writing.

Alternate Disbursement System *(ADS)*

Some eligible schools have chosen not to disburse Basic Grant funds to their students directly. These schools operate under the Alternate Disbursement System (ADS). Students attending ADS institutions are paid directly by the Government after they make a "second stage" application.

You can get the second stage form, "Request for Payment of BEOG Award" (OE Form 304), from the financial aid officer at any institution which operates under the Alternate Disbursement System. After carefully filling out this form according to the instructions, you must submit it directly to the Basic Grant Program. After submitting the form, you will be advised of the amount of your award, the amount of the first payment, and the procedures for requesting additional payment(s). Within four weeks after receiving this information, you will receive your check.

Validation

The Basic Grant Program has an ongoing process of validating the information which students and parents report on their Basic Grant applications.

If you are selected for the validation process, you will be required to present to your financial aid officer certain documents, such as your Federal Income Tax Return 1040 or 1040A, W-2 statements, and statements of household size and number of household members in college. In addition, you must report on your application the amounts for Social Security benefits and Veteran's benefits. If discrepancies exist, you may be required to provide further information.

Once the financial aid officer receives these documents and has determined that the information reported on your SER is accurate, your award will be calculated and payment will be made. If any of the information reported on your SER is inaccurate, the financial aid officer will require that you correct the inaccurate data and have your SER reprocessed before payment can be made.

Action will be taken against applicants who knowingly misreport data. The Basic Grant application form requires you to submit documentation of the information you report to the U.S. Office of Education upon request by the Commissioner of Education. Failure to provide documentation may result in cancellation of your entire Basic Grant award.

Deadlines

March 15, 1980. Your application for Basic Grant eligibility must be received by this date.

May 6, 1980. Any corrections to your SER must be received by this date.

May 31, 1980 or the last day of the term, whichever comes first. Deadline for submitting your valid SER to the financial aid office at your school. If you miss this deadline, you will not receive your 1979-80 Basic Grant. If you enroll in a course of study beginning after May 1, 1980, you will have until June 30 to submit your valid SER to the financial aid office.

Addresses

If you need to write to the Basic Grant Program, there are several points you should remember. You should always include your full name, correct address, Social Security number, date of birth, and signature. Address corrections are best made on your SER. Use only the address where you reside while attending school.

Submit your Basic Grant Application to: BEOG, P.O. Box P, Iowa City, Iowa 52240

Submit your corrected SER to: BEOG, P.O. Box H, Iowa City, Iowa 52240

Submit your Supplemental Form to: BEOG, P.O. Box F, Iowa City, Iowa 52240

For a duplicate copy of your SER or to change your address: BEOG, P.O. Box V, Iowa City, Iowa 52240

Be sure to include with your request your name, address, Social Security number, and date of birth.

The Campus-Based Programs

The Supplemental Educational Opportunity Grant (SEOG), College Work-Study (CW-S), and National Direct Student Loan (NDSL) programs are referred to as campus-based programs. Under these programs, institutions apply annually to the Office of Education for funds, receive these funds directly, and the financial aid officer at each school determines which applicants are eligible and how much aid each will receive.

You can apply for aid under all three of these programs through the financial aid office at your school, which can provide you with application forms and specific information on eligibility requirements, deadlines, etc.

While the Office of Education does set broad guidelines regarding the distribution of these funds, the individual schools set specific requirements and eligibility criteria. Therefore, the descriptions below are necessarily general, and you must obtain specific information from your school.

Supplemental Educational Opportunity Grant Program

The Supplemental Educational Opportunity Grant Program is for students of exceptional financial need who, without the grant, would be unable to continue their education.

You are eligible to apply if you are enrolled at least half-time as an undergraduate or vocational student in an educational institution participating in the Program. Graduate students are not eligible. If you receive an SEOG, it cannot be less than $200 or more than $1,500 a year. Normally, an SEOG may be received for up to four years. However, it may be received for five years when the course of study requires extra time. The total that may be awarded is $4,000 for a 4-year course of study or $5,000 for a 5-year course.

If you are selected for an SEOG, your school must provide you with additional financial assistance at least equal to the amount of the grant.

National Direct Student Loan Program

The National Direct Student Loan Program is for students (vocational, undergraduate, and graduate) who are enrolled at least half-time in a participating postsecondary institution and who need a loan to meet their education expenses.

You may borrow up to a total of: (a) $2,500 if you are enrolled in a vocational program, or if you have completed less than two years of a program leading to a Bachelor's degree; (b) $5,000 if you are an undergraduate student who has already completed 2 years of study toward a Bachelor's degree (this total includes any amount you borrowed under NDSL for your first 2 years of study); and (c) $10,000 for graduate or professional study (this total includes any amount you borrowed under NDSL for your undergraduate study).

Repayment begins 9 months after you graduate or leave school for other reasons. You may be allowed up to 10 years to pay back the loan. During the repayment period, you will be charged 3 percent interest on the unpaid balance of the loan principal. The amount of your repayment depends upon the size of your debt and your ability to pay; but, in most cases, you must pay at least $360 a year unless the school agrees to a lesser amount. This agreement for a lesser amount may be due to extraordinary circumstances such as prolonged unemployment.

If you default on an NDSL and the school is unable to collect, the Federal Government will take action to recover the loan. If you are discharged in bankruptcy, become totally or permanently disabled or die, the loan obligation will be cancelled.

No payments are required for up to 3 years while you serve in the Armed Forces, Peace Corps, or VISTA. In addition, deferment is available any time you return to at least half-time study at an eligible institution.

The financial aid officer at your school can tell you about loan cancellation provisions for borrowers who enter certain fields of teaching, or who teach in designated schools. If you have any questions about the terms of your loan, repayment obligations, deferment or cancellation, contact the school from which you received the loan.

Borrower's Rights—NDSL Program

- The lending institution must provide you with a copy of the complete promissory note and a copy of your repayment schedule.

- You have a right to a 9-month "grace period" before repayment begins after you have left school or if you attend school less than half-time. The "grace period" is a continuous 9-month period during which you are not enrolled as at least a half-time student at an institution of higher education.
- You have a right to defer payment of the loan under certain circumstances. Under most periods of deferment, you are not required to make payments of loan principal or interest.
- If you cannot meet the repayment schedule, you may request a deferment due to "extraordinary circumstances" for a specified period of time if it will assist in avoiding default.
- You have the right, if you obtain a National Direct Student Loan, to do so without security and without endorsement, unless you are a minor and the signature of a minor is not legally binding under State law.
- You have a right to prepay the loan without penalty. This means that you may at any time pay the loan balance and any interest due without being charged a penalty by the lender for early payment in full.

Borrower's Responsibilities—NDSL Program

It is your responsibility to:

- Notify the school if any of the following occurs before the loan is repaid: graduation, withdrawal from school or less than half-time attendance, change of address, name change (e.g., maiden name to married name), transfer to another school.
- Repay the loan in accordance with the repayment schedule. If circumstances arise which make it difficult for you to meet this responsibility, contact the lender immediately.
- Notify the lender of any occurrence which may affect your eligibility for a deferment of repayment.

College Work-Study Program

The College Work-Study Program provides jobs for students who need financial aid and who must earn a part of their educational expenses. You may apply if you are enrolled at least half time as a vocational, undergraduate, or graduate student in an approved postsecondary institution.

An institution that participates in College Work-Study arranges jobs on-campus or off-campus with a public or private nonprofit agency. In arranging a job and assigning a work schedule, the financial aid officer will take into account: (a) your need for financial assistance; (b) your class schedule; (c) your health; and (d) your academic progress.

In general, the salary you receive will be based on the current minimum wage, but it may also be related to the type of work you do and the proficiency required of you. As with other campus-based aid, the work-study award is set by the aid office at a limit that cannot be exceeded. Thus, if you have a $500 CW-S award, regardless of the number of hours worked, once you receive the $500, you cannot continue to be employed under work-study for that academic year.

Guaranteed Student Loan Program

The Guaranteed Student Loan Program enables you to borrow from eligible lenders at a low interest rate to meet educational expenses, if you are attending a participating postsecondary school at least half-time. Banks, credit unions, savings and loan associations, and other lenders participate voluntarily in GSL and lend their own funds. Lenders may choose to whom they will lend, within GSL eligibility guidelines.

In most States, loans are guaranteed by State or private nonprofit agencies. In States without these agencies, loans are insured by the Federal Government. Guarantee agencies may impose requirements stricter than those of the Federal Program, and students not eligible for their States' guaranteed loans may be able to obtain a Federally Insured Loan.

The maximum you may borrow as an undergraduate is $2,500 a year. A graduate or professional student may borrow up to $5,000 per year (in some States these amounts may be less). The interest rate on these loans is 7 percent.

The total GSL debt that you can have outstanding for undergraduate or vocational study is $7,500. The total for graduate or professional study is $15,000, including loans made at the undergraduate level.

Interest Benefits

All students are eligible for Federal interest benefits, regardless of family income. The Federal Government will pay the interest on the loan for you until you must begin repaying the loan, and during authorized periods of deferment.

Insurance Premiums

An insurance premium of up to 1 percent each year of the total loan outstanding may be collected in advance under a State or private guarantee agency program. An insurance premium of one-quarter of 1 percent will be collected for loans insured by the Federal Government. Usually this premium is collected at the time of disbursement by the lender.

Repayment

The loan must be repaid. Payments normally begin between 9 and 12 months after you leave school, and you are generally allowed from 5 to 10 years to repay the loan. You are expected to contact your lender shortly after leaving school to establish a repayment schedule. The amount of your payments depends upon the size of your loan and your ability to pay, but, in most cases, you must pay at least $360 a year unless the lender agrees to less.

If you default on a loan and a lender is unable to collect, the guarantee agency or Federal Government will take action to recover the loan. If you are discharged in bankruptcy, become totally and permanently disabled or die, the Federal Government will discharge the insured loan obligation. This loan cannot be cancelled or "forgiven" for duty in the military service or for any teaching service.

Deferment

You do not have to make payments for up to 3 years while you serve in the Armed Forces, Peace Corps, or full-time volunteer programs conducted by ACTION (which includes VISTA, University Year for ACTION, ACTION Cooperative Volunteer Programs, Volunteers in Justice, and Program for Local Service). In addition, deferment is available any time you return to full-time study at an eligible institution or pursue a course of study under a graduate fellowship program approved by the Commissioner of Education. A single deferment for a period of not more than 1 year is also provided for students who are unable to find full-time employment.

Application Procedures

- You may obtain a loan application from a local lending institution. Applications are also available from schools or regional offices of the Office of Education.
- After you fill out your part of the application, the school must complete the part of it which certifies your enrollment, cost of education, academic standing, and other financial aid you have been awarded.
- Present the application to a participating eligible lender. If the lender agrees to make the loan, it obtains the approval of the guarantee agency or the Office of Education, then disburses the loan to you in one or more payments.
- For further information, contact the appropriate State guarantee agency or the Regional Office of the U.S. Office of Education for your State. The addresses for these offices are listed at the back of this pamphlet.

Borrower's Rights—GSL Program

- Your loan check must be made payable to you (or to both you and the school) and requires your personal endorsement.
- If the lender transfers (e.g., sells) the loan and the right to receive payments, you must be sent a notification telling you to whom you must now make payments.
- You have a right to Federal interest benefits.
- Lenders must provide you with a copy of the completed promissory note.
- You have a right to a 9- to 12-month "grace period" before repayment begins after you have left school or if you attend school less than half time. The exact length of this period is indicated on the promissory note.
- You have a right to prepay the loan without penalty. This means that you may, at any time, pay the loan balance and any interest due without being charged a penalty by the lender for early payment in full.
- You have a right to defer payment of the loan under certain circumstances. Under deferment, you are not required to make payments on the loan principal. You will not be required to pay interest on the loan during the deferment period. The conditions under which you may qualify for a deferment are listed on the promissory note.
- If you cannot meet the repayment schedule, you may request forbearance from the lender, under which the payments may be reduced for a specified period of time if it will assist in avoiding default.
- You have the right, if you obtain a federally insured loan, to do so without collateral and without a co-signer, unless you are a minor and the signature of a minor is not legally binding under State law. Lenders under some guarantee agency programs may require a cosigner.

Borrower's Responsibilities—GSL Program

It is your responsibility to

- Notify the lender if any of the following occurs before the loan is repaid: graduation, withdrawal from school or less than half-time attendance, change of address, name change (e.g., maiden name to married name), transfer to another school.
- Repay the loan in accordance with the repayment schedule. If circumstances arise which make it difficult for you to meet this responsibility, contact the lender immediately.
- Notify the lender of any occurrence which may affect your eligibility for a deferment of repayment.
- Find a lending institution willing to make an insured loan. Participation by lenders in the GSL Program is voluntary and varies from area to area.

Health Education Assistance Loan Program

The Health Education Assistance Loan Program provides federally insured loans to graduate students attending eligible schools of medicine, osteopathic medicine, dentistry, veterinary medicine, optometry, podiatry, pharmacy, and public health. The loans are made by participating lenders, including banks, credit unions, savings and loan associations, and educational institutions.

The maximum you may borrow is $10,000 per academic year to a total of $50,000. Pharmacy students are limited to $7,500 per academic year to a total of $37,500.

Charges

There are two types of charges for a HEAL: **Interest.** There is no Federal interest subsidy. Interest may not exceed 12 percent per year (annual percentage rate) on the unpaid balance of the loan. **Insurance Premium.** The insurance premium is one-quarter of 1 percent per year and will be charged in advance to cover the period from disbursement until 9 full months after the student's anticipated graduation date.

Application

To apply for HEAL, a borrower must obtain an application from the financial aid officer at a health professions school. After completing the borrower's section, the borrower must have the school section completed by the financial aid officer and submit the application to a participating lender.

Repayment

Repayment will begin 9 full months after completion of formal training, including accredited internship and residency programs, or withdrawal from school. Borrowers have 10-15 years to repay the loan (excluding deferment periods).

Deferment

Repayment of principal can be deferred (a) For full-time study at a HEAL school or an institution of higher education that is participating in the Guaranteed Student Loan Program. (b) For up to 3 years for internship or residency training, service in the Armed Forces, Peace Corps, ACTION, or the National Health Service Corps.

Repayment Through Service

At the option of the Federal Government, a borrower may apply for Federal payments for service in the National Health Service Corps or private practice in a health manpower shortage area.

Penalties

There are penalties for defaulting or failing to complete a service agreement. Persons in professional practice who default on their loans may have payments for any federally supported service (such as Medicare, Medicaid) reduced by the amount of the default. The Federal Government is entitled to recover damages on any breach of obligation entered into under a Federal payment for service contract.

For Further Information, Contact:

HEAL
Post Office Box 23033
L'Enfant Plaza
Washington, D.C. 20024

Borrower's Rights—HEAL Program

- Your loan check must be made payable to you (or to both you and the school) and requires your personal endorsement.
- If the lender transfers (e.g., sells) the loan and the right to receive payments, you must be sent a notification telling you to whom you must now make payments.
- You have a right to a 9-month "grace period" before repayment begins after you have completed school (or after completing internship and residency in an accredited program, if started before the first day of the tenth month). The lender must provide you with a repayment schedule before the repayment period begins.
- You have a right to prepay the loan without penalty. This means that you may, at any time, pay the loan balance and any interest due without being charged a penalty by the lender for early payment in full.
- You have a right to defer payment of the loan under certain circumstances. Under deferment, you are not required to make payments on the loan principal.

Borrower's Responsibilities—HEAL Program

It is your responsibility to:

- Arrange with the lender to pay the interest on the loan.
- Notify the lender if any of the following occurs before the loan is repaid: Change of address, name change (e.g., maiden name to married name), failure to enroll in a HEAL school for the period for which the loan is intended, transfer to another school, withdrawal from school or attendance less than full-time, graduation, discontinuance of participation in an internship or residency program.
- Repay the loan in accordance with the repayment schedule.
- Notify the lender of any occurrence which may affect your eligibility to receive or to continue a deferment of principal payment.

Sources of Information on the Guaranteed Student Loan Program

ALASKA
(907) 465-2962
ALASKA COMMISSION ON POSTSECONDARY EDUCATION
Alaska State Education Department
Pouch F, State Office Building
Juneau, Alaska 99801
1st Contact: Mary Ann [illegible]
Director, Financial Aid
2nd Contact: Kathy D. [illegible]
Executive Director

ARKANSAS
(501) 371-2634
STUDENT LOAN GUARANTEE FOUNDATION OF ARKANSAS
Suite 515, 1515 West 7th Street
Little Rock, Arkansas 72202
1st Contact: Gary Greene
Director
2nd Contact: Nancy Graham
Administrative Loan Officer

CONNECTICUT
(203) 547-1510
CONNECTICUT STUDENT LOAN FOUNDATION
25 Pratt Street
Hartford, Connecticut 06103
1st Contact: Vincent Maiocco
Executive Director
2nd Contact: Mark Valenti
Telecopier (203) 547-1617

DELAWARE
(302) 478-3000 Ext. 34
DELAWARE HIGHER EDUCATION LOAN PROGRAM
c/o Brandywine College
Post Office Box 7139
Wilmington, Delaware 19803
1st Contact: Bernard Dandy
Director

DISTRICT OF COLUMBIA
(202) 245-2350
FEDERAL INSURED STUDENT LOANS
Room 4636 – Regional Office Building #3
7th and D Streets, S.W.
Washington, D.C. 20202

FLORIDA
(904) 487-1800
FLORIDA STUDENT FINANCIAL ASSISTANCE COMMISSION
Knott Building, Room 563
Tallahassee, Florida 32304
1st Contact: Ernest E. Smith, Jr.
Executive Director
2nd Contact: Donald Smalling
Associate Executive Director

GEORGIA
(404) 393-7108
GEORGIA HIGHER EDUCATION ASSISTANCE CORPORATION
9 LaVista Perimeter Park
2187 Northlake Parkway
Tucker, Georgia 30084
1st Contact: Dr. Donald Payton
Executive Director
2nd Contact: Ralph Roberts
Director, Fiscal and Guaranteed Loans

IDAHO
(208) 459-0883
STUDENT LOAN FUND OF IDAHO, INC.
Route 5
Caldwell, Idaho 83605
1st Contact: Carol Lee [illegible]

ILLINOIS
(312) 945-7040
ILLINOIS GUARANTEED LOAN PROGRAM
102 Wilmot Road
Deerfield, Illinois 60015
1st Contact: Mrs. Carol Wernerdahl
Administrative Director
2nd Contact: Jim Gober
Director, Program Services

INDIANA
(317) 633-4062 or 5445
STATE STUDENT ASSISTANCE COMMISSION
219 North Senate Avenue, 2nd Floor
Indianapolis, Indiana 46202
1st Contact: James F. Sondey
Executive Director
2nd Contact: John D. Wall
Executive Assistant

IOWA
(515) 281-3501
IOWA COLLEGE AID COMMISSION
9th and Grand Avenue
201 Jewett Building – Room 201
Des Moines, Iowa 50309
1st Contact: Mrs. [illegible] Wolff

NEW JERSEY
(609) 292-3906
NEW JERSEY HIGHER EDUCATION ASSISTANCE AUTHORITY
1474 Prospect Street, Box 1417
Trenton, New Jersey 08625
1st Contact: William C. Nester
Director
2nd Contact: Richard Innocenti

NEW MEXICO
(505) 827-2115
BOARD OF EDUCATIONAL FINANCE COMMISSION ON POSTSECONDARY EDUCATION
Legislative Executive Building – Room 201
Santa Fe, New Mexico 87503
1st Contact: Donald S. Stuart
Associate Executive Secretary
2nd Contact: John Merrell
(505) 277-5111

NEW YORK
(518) 474-5592
NEW YORK HIGHER EDUCATION SERVICES CORPORATION
Tower Building – Empire State Plaza
Albany, New York 12255
1st Contact: Peter Keitel
Vice President for Program Finance
2nd Contact: Mrs. Eileen Dickinson
President
Telecopier (518) 474-4683

NORTH CAROLINA
(919) 549-8614
NORTH CAROLINA STATE EDUCATION ASSISTANCE AUTHORITY
Post Office Box 2688
Chapel Hill, North Carolina 27514
1st Contact: Stan C. Broadway
Executive Director
2nd Contact: Charles George
Associate Director

OHIO
(614) 466-8716
OHIO STUDENT LOAN COMMISSION
50 West Broad Street, 9th Floor
Columbus, Ohio 43215
1st Contact: Robert Ziegler
Executive Director
2nd Contact: Douglas Seipel
Assistant Director
Telecopier (614) 466-3770

OKLAHOMA
(405) 521-2444
OKLAHOMA STATE REGENTS FOR HIGHER EDUCATION
500 Education Building
State Capitol Complex
Oklahoma City, Oklahoma 73105
1st Contact: Walter Wilson and Mark Winters
Director and Assistant Director of the Division of Student Assistance
2nd Contact: E. T. Dunlap
Chancellor

OREGON
(503) 686-4166
OREGON STATE SCHOLARSHIP COMMISSION
1445 Willamette Street
Eugene, Oregon 97401
1st Contact: Jeff M. Lee
Executive Director
2nd Contact: James Renton
Director
Telecopier (503) 342-2663

PENNSYLVANIA
(717) 787-1932
PENNSYLVANIA HIGHER EDUCATION ASSISTANCE AGENCY
660 Boas Street, Towne House
Harrisburg, Pennsylvania 17102
1st Contact: Jay Evans
Deputy Director, Loans
2nd Contact: Charles Russell
Director
Telecopier (717) 787-7978

RHODE ISLAND
(401) 277-2050
RHODE ISLAND HIGHER EDUCATION ASSISTANCE AUTHORITY
274 Weybosset Street
Providence, Rhode Island 02903
1st Contact: John Madigan
Executive Director
2nd Contact: Marguerite Burns
Assistant Director for Loans
Telecopier (401) 528-4323

SOUTH CAROLINA
(803) 798-0916
SOUTH CAROLINA STUDENT LOAN CORPORATION
Dutch Plaza, Suite 233
800 Dutch Square Boulevard
Columbia, South Carolina 29210
1st Contact: William M. Mackie, Jr.
Executive Director
2nd Contact: Kenneth Player
Assistant Director

TENNESSEE
(615) 741-1346
TENNESSEE STUDENT ASSISTANCE CORPORATION
707 Main Street
Nashville, Tennessee 37206
1st Contact: Kenneth Barber
Executive Director
2nd Contact: Howard Wall
Assistant Director

UTAH
(801) 533-5617
UTAH HIGHER EDUCATION ASSISTANCE AUTHORITY
807 East South Temple, Suite 301
Salt Lake City, Utah 84102
1st Contact: Dr. Harden Eyring
Executive Director

VERMONT
(802) 658-4530 or 3030
VERMONT STUDENT ASSISTANCE CORPORATION
5 Burlington Square
Burlington, Vermont 05401
1st Contact: Ronald Iverson
Executive Director
2nd Contact: Mrs. Jean F. Phillips
Director, Loan Program
Telecopier (802) 233-5373

VIRGINIA
(804) 786-2035
VIRGINIA STATE EDUCATION ASSISTANCE AUTHORITY
Professional Building, Suite 311
501 East Franklin Street
Richmond, Virginia 23219
1st Contact: Jane Chilton
Executive Director
2nd Contact: Fletcher Jones
Assistant Director (Collections)
Telecopier (804) 786-5432

WISCONSIN
(608) 266-0887
WISCONSIN HIGHER EDUCATION CORPORATION
150 East Gilman
Madison, Wisconsin 53702
1st Contact: William Paesch
Director
2nd Contact: Richard H. Johnston
(608) 266-1095
Administrator for Division of Student Support
Telecopier (608) 256-5432

USAF, INC.
(212) 661-0900
UNITED STUDENT AID FUNDS, INC.
200 East 42nd Street
New York, New York 10017
1st Contact: J. [illegible]
President and Chief Executive Officer
2nd Contact: Robert C. Simmons
Vice President – Marketing

NATIONAL COUNCIL OF HIGHER EDUCATION LOANS PROGRAM
(904) 487-1800
c/o Florida Student Financial Assistance Commission
Knott Building, Room 563
Tallahassee, Florida 32304
1st Contact: Ernest E. Smith, Jr.
Executive Director
2nd Contact: Helga Hurst
President Elect

SALLIE MAE
(202) 333-8000
STUDENT LOAN MARKETING ASSOCIATION
1055 Thomas Jefferson Street, N.W.
Washington, D.C. 20007
1st Contact: Brad Haley
Manager, Guarantor Liaison
2nd Contact: Edward Fox
President

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BASIC GRANT FUNDING

Mr. Natcher. Under Basic Opportunity Grants, the request is $1.7 billion in new appropriations.

Mr. Kornfeld. That is correct.

Mr. Natcher. Also you propose to use $726 million in prior year funds. So the program level proposed, then, is $2.4 billion; is that correct?

Mr. Kornfeld. That is correct.

Mr. Natcher. As you know, the Congressional Budget Office and other groups say your estimates are too low to fully fund the program in 1980. Do you think your estimate is the best available at this time?

Mr. Kornfeld. We still think, Mr. Chairman, that is the best estimate. The disagreement is understandable too. The problem we have now is because of the Middle Income Act and other changes that have gone on in this program. The estimation model that we have used in the past, which has been the same one the Congressional Budget Office has used, gets into a problem of trying to estimate how many people will in fact participate. That is the major difference between our estimate and the CBO estimate.

We are working with the CBO estimate. We are trying to revise the formula because now we are going to have a new eligible population that will be eligible because of the Middle Income Act. There also could be, even when we get our models together, differences because it depends upon what assumptions one wants to use. The major difference between the estimates is really trying to get at this point—how many people will in fact participate in this program.

Dr. Berry. The Secretary has already stated that we believe our numbers are right. But if they turn out to be wrong our intent is to determine all the students eligible for the program, and subsequently request supplemental funds. But we believe our numbers are correct.

Mr. Natcher. Mr. Pursell.

Mr. Pursell. Did you say the supplemental request was $340 million pending now?

Mr. Kornfeld. You are referring to the GSL insurance fund?

Mr. Pursell. Where is that now?

Ms. Beebe. It is before this committee. We testified on it last week. The supplemental appropriation is primarily to make up for deficiencies in the special interest rate as a consequence of more students taking loans, a higher average loan and an absolute increase in the interest rate which we have to pay to the lenders.

Mr. Kornfeld. As you know, the cost of the Guaranteed Student Loan program is really interest.

Mr. Pursell. How about the Supplemental Opportuntiy Grant? That is a separate program?

Mr. Kornfeld. Yes; and we are suggesting $340 million.

Mr. Pursell. That is what I was referring to.

Mr. Kornfeld. I am sorry.

Mr. Pursell. Has OMB approved that?

Mr. Kornfeld. Yes, sir.

Mr. Pursell. I do not know what our timetable is on that.

LOANS

Let me go to a few other questions. In the Middle Income Student Assistance bill last year, if my memory serves, the limit was $40,000.

Mr. **Kornfeld**. The Administration's recommendation was to have a ceiling of $40,000, which means families who had an adjusted gross income of $40,000 or less, would be eligible for interest subsidies on Guaranteed Student Loans. Congress, as you know, took that ceiling off, which means now that everybody in this country, regardless of their income, is eligible for interest subsidies under the Guaranteed Student Loan program.

Mr. **Pursell**. But the fact is after the implementation of the Act didn't respective States set their own limitation with or without the intent of Congress?

Mr. **Kornfeld**. You are correct, Mr. Pursell. Some States have done just that, and we are unhappy about that but are trying to work with the States. One State that I know of specifically did not even increase the ceiling over the $25,000, which was the original limit.

Mr. **Bayer**. I think we should point out these are State lending institutions, not State agencies. The State guarantee agencies which administer the programs in about 38 States today by law have to go along with the Federal law as far as who is eligible for the benefits, but any lender, say a commercial bank, can establish its own arbitrary eligibility requirements as to whom they will lend.

Mr. **Pursell**. Can you provide that degree of flexibility?

Dr. **Berry**. It permits them. It is not stated, but they can do that within the scope of the legislation.

Mr. **Kornfeld**. In your State they chose not to increase the limit over $25,000.

Mr. **Pursell**. I understand that, but that was a State authority.

Mr. **Bayer**. There are still commercial lenders in Michigan who are able to make loans without regard to that ceiling. The commercial lenders do not have to impose that ceiling.

Mr. **Pursell**. It struck me that I do not think most of the members of Congress understood that at the time of the debate, that flexibility of the program; and the intent of it was to open it up for middle income families.

Dr. **Berry**. The Congress opened it up but did not, as you point out, make it mandatory that the lending agencies take the cap off.

Mr. **Kornfeld**. We are working with the State agencies to try to do two things: make sure they implement the program as Congress intended it to be implemented; and secondly, to make more dollars available for loans. One of the problems we have is if there is a limit of capital availability, the dollars could go to those persons who may not need it as much as others.

Mr. **Pursell**. Are you satisfied with the Michigan decision?

Mr. **Kornfeld**. I personally am very dissatisfied.

Mr. **Bayer**. The whole basic thrust of the program, as in the case of any federally guaranteed or insured program, is voluntary lender participation. There is nothing in any Federal law that says a bank or lender must participate and must lend whatever the public wants. The banks are using essentially their own funds and they, too, have the authority within the law to make decisions as to whether to participate, and, if so, to whom they will lend, and how much, providing it is not violating any other laws of discrimination, et cetera.

COST OF EDUCATION

Mr. PURSELL. Another area of concern particularly on behalf of the students—I have 86,000 in my district—I do not quite share your earlier comment that even though we have a traditional major appropriation and a great effort to reduce their basic costs, inflation not withstanding, most students today are going part-time to school for the basic economic reasons that they have to work their way through school where you did not have that 20 years ago when we were going through.

Mr. CONTE. There were many back then who paid their way through.

Mr. PURSELL. I was probably one of the minority, and I know several others who worked their way through school and paid every dime for it. But the fact of the matter is, even though we have a significant increase here, the student increased tuition costs are jumping at 9 or 10 percent. One of our universities rose by 10 percent last week.

Mr. KORNFELD. The reason I made the statement, Mr. Pursell, is that, first, there is a lot more money out there this year, and second certainly fiscal year 1980 will provide a significantly larger amount of dollars in the history of the country. I was referring only to access. First, it is true that there are many people who cannot perhaps afford to go to the school of their choice because of increased cost. There are some schools where the cost is $8,000 a year or more.

Mr. PURSELL. Most of the independent schools are financially bankrupt—in some cases.

Mr. KORNFELD. Some are. Also, there are pockets where students for a variety of reasons are still having problems. I did not mean to say that every student now is in that situation, but in a macro sense when one looks at the total dollars and one looks at the dollars that the Federal Government is now providing, the dollars that the States are providing, and the family contribution based on needs analysis, you see that there is very little left that is needed to provide total access. Unfortunately, it is not equally distributed.

Mr. PURSELL. I do not have time to get into a big discussion of this, but I do not agree with that.

Mr. VOIGT. Maybe another point, too, Mr. Pursell, is the provisions of the Middle Income Act for the Work-Study programs do not go into effect until this fall, so some of the feedback you may have been getting does not really reflect the impact of the amount that will be going out there.

Mr. PURSELL. I just turn it around. I just say you have not been on a campus enough to talk to students. I talk to them every weekend. The single biggest issue on the campus today is economic costs. It is trying to pay next week's costs to stay in school. Frankly, that is driving those students away. The enrollments in Michigan in the last 10 years have not changed. We are not increasing enrollments in colleges across the country, and the principal reason is the economic factor.

I agree with your going on television to promote this. I think if you are going to allocate some dollars, which I would support, to promote the increased amount of money for students I would think would be best served directly through the school newspapers getting directly to the young students themselves rather than wasting enormous amounts of money on TV ads across the country. I think your delivery would be directly with the school systems in junior and senior classes.

Mr. **Kornfeld**. We do plan to do that through school newspapers and school radio stations.

Mr. **Pursell**. I do not think you can afford to do both well.

Dr. **Berry**. Having been on campuses quite recently and including some in Michigan, I agree with you. There is a lot of concern on campuses about costs of education. One problem is students' choice of institutions. It is not simply a matter of access to some institution somewhere.

The other is a discontent about the amount of loans that students have to encumber to attend institutions of their choice. The problem is not completely solved. I think Mr. Kornfeld would agree. In the last 4 or 5 years there has been more money available through the Federal programs than before, but I do not think we are suggesting there is no problem at all with regard to the economics of the costs of education.

Mr. **Pursell**. I do not think we should paint a bright, encouraging picture even though we are spending more money Federally and matched dollars may help too. You look at those long figures and they are extremely high. We have to find some new creative ways to attract people to college and do it in a more meaningful way.

Dr. **Berry**. We are looking at these issues in our considerations for the reauthorization legislation.

Mr. **Kornfeld**. To pick up on one point about the cost of the promotion campaign we are planning. As you know, the cost of this program, the advertising does not cost the Federal Government anything. These are public service-type ads. The only cost that the Federal Government will undertake is the cost of getting someone to put together the ads. These will be free spots on both radio and TV.

Mr. **Pursell**. I want to congratulate you on the administration of the program. I think you are doing a good job.

Mr. **Natcher**. Mr. Conte.

ESTIMATING BASIC GRANT COSTS

Mr. **Conte**. Thank you, Mr. Chairman.

You estimate that 70 percent of the students eligible for BEOGs will participate in this program. How do you make this calculation?

Mr. **Kornfeld**. We have a computer model which is the same model that CBO has been using. This includes all kinds of economic statistics, family income and other variables. What you do is, as you change any aspect of this program, go into this model and come up with some estimate. One of the problems we have this year, the reason our estimate is somewhat different than CBO's estimate is that we now have a different population that we are talking about because the Middle Income Act suddenly opened up another kind of situation. What we are planning to do is revise the model accordingly and in the future we expect to come up with the same numbers CBO has.

Mr. CONTE. The reason I asked that question, what happens if the demand is greater than the funds?

Mr. DINGELDEIN. We will ask for a supplemental.

Mr. KORNFELD. The Administration is committed to totally fund this program.

FRAUD AND ABUSE

Mr. CONTE. Your estimates on eliminating fraud and abuse of student loans are very encouraging. What are the penalties for fraud?

Mr. KORNFELD. For fraud, of course, it varies depending on the nature of the fraud. What we have found, as we mentioned earlier, is that in most cases the students are being very responsive. When we find them—which is part of the problem obviously because these students have been out of school for years and they might have gone to school in one State and are now living in another—in most cases they are responsive and pay their bills. Those who do not pay the bills or refuse to pay we turn over to the U.S. Attorney. This year alone we have turned over some 4,000 students to the U.S. Attorney. In most cases the U.S. Attorney settles the case either by the student immediately agreeing to pay the entire amount or a judgment being taken out against the student.

This year we turned over 4,000. Prior to this year in the entire history of the program we only turned over 500.

Mr. CONTE. If someone is found guilty, shall we say, does this make that person ineligible for any other loan programs?

Mr. KORNFELD. If they are in default in a program, they cannot get other grants in other programs within that institution, which is what we want to change. Right now the law only restricts that, so that if you are in default——

Mr. CONTE. They can go to another institution and start all over again?

Mr. KORNFELD. Right. We are going to propose a legislative change.

Mr. BAYER. There are specific penalties provided in the Higher Education Act in the Guaranteed Loan program. It provides for any fraud on the part of a student, school or lender, there is a fine of $10,000 or imprisonment for not more than 5 years or both.

Mr. CONTE. Has anybody been sent to prison?

Mr. BAYER. We have had a number of bankers put in jail for abuse of the program, and some students and some financial aid administrators on campus.

Mr. CONTE. We had a pretty bad scene out in Boston just recently at a junior college or community college.

Mr. KORNFELD. Yes, which was terminated, and there is some investigation.

Mr. VOIGT. By and large, in our fraud and abuse activities we are trying to change the structure so that students are filtered through and caught before the fraud actually occurs. When you look at the savings in the Basic Grant program, those are achieved through edits before an award is made so we get the most accurate information. It is not so much the question of putting people in jail later.

Dr. BERRY. But restructuring the program so it is more effective.

Mr. KORNFELD. We also have a compliance division now within the bureau and in the same program Mr. Voigt is talking about where we have students who have maliciously submitted multiple grants. So we have identified those students and we are now initiating action against them. That will be a fraudulent action.

Mr. CONTE. You predict a drop of over 200,000 students whose family income level is over $20,000. Based on what do you make this prediction?

Mr. KORNFELD. The way this formula is put together, as the income of these persons increase they become ineligible. For example, right now the program in general terms serves families up to adjusted gross income of $25,000, but as the years go by, if the maximum is not increased—which is now $1,800—that higher income level group, those who are now about $25,000, moves out of the eligibility cycle.

Mr. CONTE. $25,000 is not very much with the costs of tuition today, if you have three or four kids.

Mr. KORNFELD. That is correct. But that is the grant program only. It is about $25,000. The way the programs are put together—and that is done really on campus—the way the financial administrator packages these programs, the Basic Grant is the foundation that the student gets as an entitlement. Then there are the campus-based programs where the financial aid administrator can exercise his or her judgment as to providing additional funds above that grant—there is another grant program—and Work-Study, which is providing students with employment. The other piece is the loan program. Now everyone in this country is eligible for loans.

Mr. VOIGT. May I make another point on that issue? The way the formula operates, and because of increases in income, what happens to the students that are dropped is that their incomes are above the eligibility level. In other words, their incomes are above $25,000. They increase by about 10 percent a year.

Mr. CONTE. Right.

Mr. VOIGT. So they are not in the same income category and they have more income and as a result that is why they are dropped.

Mr. CONTE. I understand. How many students are eligible for BEOG's

Mr. KORNFELD. This year 4 million students applied for this school year that is just about to end. Roughly speaking, of that 4 million, about more than a million were ineligible based on the fact that they came from families where the income was higher than allowed. The other, about 2 million students are eligible.

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INDEPENDENT STUDENTS

Mr. **Conte**. What is the policy on BEOG eligibility for students who desire themselves to be independent or even young adults trying to go through school, who have a child or two?

Mr. **Kornfeld**. Right now there is a specific definition as to how one can be declared independent, and there are three factors: One, the person cannot be on their parent's income tax return as a dependent. Two, they cannot have lived with their family over a certain period—6 weeks or something like that. Three, they cannot receive $750 as assistance. If they have met those criteria, they are declared independent.

Then an independent student is treated somewhat differently in the formula calculation for the basic grant. Part of the problem with the independent student, for example, the kind of person you have mentioned, might be an adult who has a child, and chooses to go back to school, the formula in the past has not permitted that student to get a grant. The Administration has recommended that in fiscal year 1980 that that person become eligible for the grant.

DIRECT LOANS

Mr. **Conte**. You are cutting $90 million from the direct Student Loan program which I feel meets a special need for particularly disadvantaged students. How do you rationalize these cutbacks in a program where the poor and underprivileged profit the most?

Mr. **Kornfeld**. We share your feelings about the Direct Student Loan program. We think it is a great program. The reason for the cut is not to reduce the number of recipients in the program. We think that by our collection efforts we will be able to collect more money in this program. As you know, Secretary Califano announced just about a month ago a way that we are going to try to reduce that rate and make it work more effectively than it has in the past. Through increased collections we will still have the pot of money that is available as well as the collections.

Mr. **Conte**. A revolving fund?

Mr. **Kornfeld**. Yes, sir.

Mr. **Conte**. Can you give us some figures on that?

Mr. **Kornfeld**. The total fund is about $5 billion. As you know, this is a 90 percent Federal, 10 percent institutionally funded program. In fiscal year 1980 we expect to collect $400 million in this program. The students repay the institutions which they attended, and that money goes into a revolving fund that becomes available for other students to get loans. That is why we are so upset with the default rate high as it is in this program. Because basically what happens when students do not repay the loans, other students cannot get loans.

For example, we provided, I think, 800,000 student loans. If that money that was out there was collected as it should have been, we would have been able to provide something in the order of maybe 1.3 million loans.

Mr. **Natcher**. Mr. Early.

Mr. **Early**. I have a question on the Health Education Assistance Loan.

Mr. **Kornfeld**. That is a program not under our jurisdiction; that is handled by the health people in HEW. I cannot comment on the default rate.

Mr. **Early**. HEAL does not come under you?

Mr. **Kornfeld**. Yes.

HEAL PROGRAM

Mr. **Early**. Are you comfortable with the HEAL program? Before you answer, Secretary Califano said he did not like the program.

Mr. **Kornfeld**. So I do not like it either.

Mr. **Early**. It is 12 percent compounded annually. To lay that on a youngster is unbelievable.

Mr. **Kornfeld**. As you know, the program just began. Very few students have participated. Also some institutions have decided not even to participate because of that very problem. That program is strictly for medical and professional-type students, and the student can borrow up to $50,000 in that program.

Mr. **Early**. I thought he could only borrow $48,000?

Mr. **Kornfeld**. $10,000 a year for a maximum of $50,000.

Mr. **Early**. Compounded 12 percent annually, repaying in 15 years, what is the maximum he can repay?

Mr. **Kornfeld**. As I recall what would happen in that case if the student borrowed the maximum, by the time he gets through with the compounded interest, the 12 percent, he would have to pay something like $300 or more per month to repay that kind of loan.

Mr. **Early**. What would be the gross repayment?

Mr. **Kornfeld**. It would be close to $100,000.

I am corrected. $170,000.

Mr. **Early**. How can we lay that on anybody, and how can we suggest we are trying to promote more GPs and not specialists?

Mr. **Kornfeld**. That is correct. It encourages them also to practice in high-income areas, which is exactly the place we do not want them to practice.

Mr. **Early**. Of course. A youngster told me on a Guaranteed Student Loan, I believe, that you people had regulated, that he had to have zero-based income. He could not even work for the summer. He could not get a $1,000 contribution by his mother. Where was the congressional intent to do that?

Mr. **Kornfeld**. Fortunately, that is not our program. That is the Health Loan program.

Mr. **Early**. I cannot find anybody that is owning up to that program.

Mr. **Kornfeld**. That is the Health Professional Loan program administered by the Public Health Service.

Mr. **Bayer**. New final regulations just went through our office for that program for us to review, and they indicated they have changed that figure and it is no longer going to be zero based.

Mr. **Early**. I cannot believe anyone would think we were trying to advocate that.

Mr. **Kornfeld**. As you know, many of these programs are up for reauthorization. In his statement, Mr. Califano did state the one area that we are concerned about as far as reauthorization is all the loan programs. What is being considered is a different kind of loan program which would be much more equitable.

FUNDING BOEG'S IN 1980

Mr. **Early**. It has to be more equitable, in my opinion. It cannot be less. In the BOEG's program, what is the HEW appropriation for reappropriation? What would happen to the funds that are not reappropriated?

Mr. **Kornfeld**. The carry-forward that we are suggesting is $726 million. This comes about primarily because the program this year will be $560 million less than anticipated, primarily due to computer edits, validation et cetera. We are getting better data on these applications than we ever had in the history of that program.

Mr. **Early**. You know they have a surplus in that program. When it is an entitlement-type program that you people prorate, I do not know how we get that.

Ms. **Beebe**. The amounts left over are amounts that result from our estimating larger numbers of students participating than actually applied and were given grants, but every student in 1979 who applies and is eligible gets the maximum that he is eligible for.

Mr. **Early**. I thought it was $941.

Mr. **Kornfeld**. That is the average. The maximum this year is $1,600. The middle income bill increased it to $1,800. It is a formula driven-type program, so the number you are citing is the average.

The thing that drives that formula, let's say a family could contribute zero. And if they went to school where the cost—you see, it is a half-cost program—was more than $3,600, that student would be entitled this year to a $1,600 grant. Next year, using that same formula that student would be entitled to $1,800.

Mr. **Early**. My State charges about $500 in public higher education. I have been dealing with mostly young low middle income youngsters. Why wouldn't my State be better off to go to $1,800 for tuition, and let the Federal Government pay it? They would not lay anything on the youngsters.

Mr. **Kornfeld**. There are two factors. First, the cost is calculated not only by tuition but total costs, so although that tuition cost is $500, by the time you add room and board and books you might get up to $2,000 as a total cost. So every student who has zero family contribution would in general be entitled to at least $1,000 to attend that particular institution, which is $500 more than tuition already.

Mr. **Early**. He can receive BEOG's in excess of tuition?

Mr. **Kornfeld**. That is correct.

Dr. **Berry**. The other reason your State would not want to do that, I suppose, is that you would make the middle income person's situation who is not always eligible for BOEG's even worse. You could not simply raise tuition up to $1,800 and assume that everybody would be eligible for a BOEG.

Mr. **Early**. In Massachusetts we have to do some adjustments. You said $726 million would be carried forward. My question is, how is that going to be reappropriated?

Dr. **Kornfeld**. In other words, the total estimate for that program in fiscal year 1980 would be about $2.4 billion, although the additional appropriation would be only about $1.7 billion.

Mr. **Early**. It appears that the fiscal year 1978 reduction in the program is almost 30 percent of the appropriation.

Mr. **Kornfeld**. Yes. That came about primarily because this year we initiated validation, which puts us in a position where we are getting much more accurate data than we ever had on those applications.

Mr. **Early**. Also in your justification on BOEG's, 130,000 middle income families are no longer eligible because they have exceeded the upper limit. How can those projections be made for 1980–81?

Ms. **Beebe**. It is difficult.

Mr. **Kornfeld**. The way that comes about, as I mentioned earlier—let's take a family right at the top of the eligibility, the adjusted gross income is $25,000. Let's say in fiscal year 1980 that family would have been eligible for a grant. The income of that family rises and it is nationally about 10 percent; that family now has an income which no longer makes them eligible for a grant because their income now would be more than $25,000.

Mr. **Early**. I accept that. In your justification it shows a drop in the number of recipients in both the $10,000 to $16,100 category and the $16,120. I would think if there is a drop in the $10,000 to $16,000, they would be moving up a notch. I hope their income is not getting less; so I would expect they would more than offset the next bracket, the $16,100 to $20,100 range. Why should the next upper one show an increase?

Mr. **Kornfeld**. It might be the way they have blocked it and their shifts in income. There are always shifts with different income categories as to the number of recipients by income category. There always have been, Mr. Early.

Mr. **Early**. I just don't think that is consistent. I think that again shows really how unrealiable the 1980, 1981 projections can be.

LOAN COLLECTIONS

Doctor, one other question in my ten minutes.

I understand HEW has initiated a program to collect the defaulted student loans from two collection agencies in California. Are there any plans to expand this?

Mr. **Kornfeld**. The plan we have in that collection program is to do this as a pilot program. As you know, we were very concerned about the fact that using non-Federal employees for this purpose might get us in a position where people are being harassed and we do not want that.

Mr. **Early**. That's a tremendous fear of mine, and I think it will happen. I just don't like to go to private collection agencies. Has it ever been studied or considered? I don't know anything that has not been, but have we ever considered letting the States and the institutions do the collecting with an incentive as far as what they collect and let them keep it, et cetera?

They certainly are more familiar with the students.

Mr. **Kornfeld**. We have not ever given them incentives, but, of course, as you know, in this particular program the lenders are supposed to collect. The Federal Government only gets into the act when the student does not pay the lender, and that is when the claim is then put to the Federal Government and then the Federal Government tries to collect.

Mr. **Early**. Why wouldn't we let the schools, the individual schools?

Mr. **Kornfeld**. There are some schools that participate in this program as lenders. But many schools do not want to participate in the program.

Ms. **Beebe**. Under the Direct Student Loan Program the institutions make the loan and are responsible for collecting the loans from the students.

Mr. **Early**. OK. But my question, Doctor, we don't penalize them if they don't do it, so I can appreciate the initiative they take. What would be the incentive if they did that?

Mr. **Kornfeld**. Secretary Califano recently announced an incentive to insure the institutions to collect, and admittedly it's a negative incentive but the incentive is if they don't improve their collections in the institution we are not going to provide any more Federal capping contribution.

Mr. **Early**. We only threaten.

Mr. **Kornfeld**. No; we already did this this year.

Mr. **Early**. We threatened them this year?

Mr. **Kornfeld**. And we did it this year. Forty percent of the institutions this year already received less dollars than they would have gotten if they had a better collection practice. We feel we have not gone far enough because we are still not happy with what has been going on with the collections. What we are doing next year is making that even tougher.

Mr. **Early**. Well, where that is a negative approach wouldn't we be doing more to have some incentive in there for the schools who are doing it well to get something additional?

Mr. **Kornfeld**. They do. The way the formula is now set up, for example. Next year we are putting together plans which will make it more severe but this year alone that money that was not collected by those institutions that should have been collected will be reallocated to those institutions that, in fact, have done a good collection job.

So those institutions will get more dollars.

Mr. **Early**. I would like to think that is going to happen. I never have seen it in the Federal Government.

Mr. **Kornfeld**. This year it has happened; it is a fact.

Mr. **Early**. With the Chairman's permission, would you supply for the record examples where that has happened?

Mr. **Kornfeld**. I certainly will be glad to.

[The information follows:]

An institution which met both of the following conditions received a tentative allocation of new Federal capital for the 1979-80 Award Period which is less than the amount to which it would have otherwise been entitled: (1) A default rate greater than 10 percent, (2) The number of students in default one year to two years as of 6/30/78 which did not decline by at least 10 percent in comparison with the number of students in default 120 days to one year as of 6/30/77.

In the determination of tentative funding levels for approximately 3,400 institutions for 1979-80, projected collections for approximately 40 percent of these schools were increased by $116 million due to their failure to meet the above conditions. This action resulted in a reduction of Federal capital for such schools by approximately $104 million. Institutions were permitted to appeal these tentative funding levels if they could provide sufficient evidence of the current exercise of due diligence in their loan collection practices. The National Appeal Panel has recently completed its review of these appeals and we estimate that the default penalty may drop from $116 million to approximately $100 million as a result of the National Appeal Panel actions. Final funding levels are currently being determined and we expect to announce them in early May.

Mr. **Bayer**. One point I would make you asked about the States. The Congress in the 1976 Education Amendments did provide financial incentives for States to improve their collections in defaulted loans in the State programs by permitting the States to retain up to 30 percent of what they collect and that is fairly new.

We have not had a lot of experience with it, but there is a financial incentive the Congress gave the States.

Mr. **Early**. Can you supply for the record what they have collected on that?

Mr. **Natcher**. Right, to be placed in the record.

[The information follows:]

AGENCY	FY-77 $ COLLECTED	FY-77 $ RETAINED	FY-77 % RETAINED	FY-78 $ COLLECTED	FY-78 $ RETAINED	FY-78 % RETAINED
ALASKA	2,794	203	7	2,489	746	30
ARKANSAS	17,883	4,779	27	23,746	6,104	26
DELAWARE	16,201	1,478	9	15,985	4,796	30
GEORGIA	453,867	96,459	21	650,000	20,149	3
ILLINOIS	1,380,026	187,191	14	2,125,259	494,949	23
LOUISIANNA	166,429	49,928	30	290,003	87,001	30
MAINE	93,583	28,075	30	123,998	26,447	21
*MARYLAND	165,761	0	0	N.A.	N.A.	N.A.
MASSACHUETTS	273,981	0	0	2,670,565	20,486	1
MICHIGAN	459,310	44,980	10	648,755	63,353	10
NEVADA	102,394	8,874	9	43,949	13,641	30
NEW HAMPSHIRE	63,772	17,329	27	64,784	19,443	30
NEW JERSEY	872,043	227,879	26	1,144,969	286,638	25
NEW YORK	6,719,512	996,176	15	6,717,351	1,473,858	22
*NORTH CAROLINA	138,790	4,066	3	N.A.	N.A.	N.A.
OHIO	164,188	42,476	26	399,975	110,517	28
OKLAHOMA	362,539	0	0	137,660	15,200	11
OREGON	262,416	57,717	22	261,522	22,814	9
PENNSYLANIA	2,765,920	829,680	30	3,089,045	926,715	30
RHODE ISLAND	83,740	0	0	380,926	0	0
TENNESSEE	38,187	11,950	30	162,664	48,799	30
VERMONT	21,998	6,879	30	51,296	13,528	26
**VIRGINIA	0	0	0	N.A.	N.A.	N.A.
WISCONSIN	96,048	28,742	30	176,176	52,853	30
**U.S.A.F	0	0	0	17,503	5,251	30
TOTAL	14,721,382	2,644,591	18	19,198,620	3,713,288	19

* - FY-78 figures not currently available.

** U.S.A.F. signed the reinsurance agreement 6/17/77 and Virginia signed the reinsurance agreement 8/1/77. Therefore the collection and retentions would be minimal since the report covers only loans for which a reinsurance claim was paid.

BASIC GRANT FUNDING

Mr. **Natcher**. Have you revised the estimated balance of $726 million based on current information?

Ms. **Beebe**. It's still our best estimate at this time.

Mr. **Natcher**. All right now, for the record, insert a chart for the Basic Grants program showing appropriations, obligations, and program levels for each fiscal year since the beginning of this program.

If you will, identify the academic year also.

[The information follows:]

BASIC GRANTS ($ in 000's)

Appropriation Year	Academic Year Supported	Appropriation	Obligations 1/	Program Level
1973	1973-74	$ 122,100 (11.2 million for administration)	$ 2,793	$ 49,832
1974	1974-75	475,000	305,593	356,082
1975	1975-76	840,200 (Includes 180.2 million borrowed from 1976 supplemental)	166,327	929,475
1976	1976-77	1,325,800 (Excludes 211.7 million borrowed from 1977 appropriation) (11.5 million for administration)	1,732,538	1,472,709
1977	1977-78	1,903,900 (19.2 million for administration)	1,736,165	1,588,000
1978	1978-79	2,160,000 (20 million for administration)	1,634,108	(in process)
1979	1979-80	2,600,000		

1/ Obligations reflect fiscal year rather than academic year supported.

REJECTED BASIC GRANT APPLICATIONS

Mr. **Natcher**. How many Basic Grant applications were rejected during the current academic year? Can you give me some idea?

Mr. **Kornfeld**. Yes, about 1.4 million were rejected.

Mr. **Natcher**. How does that number compare to last year?

Mr. **Kornfeld**. It's about twice what it was last year.

Mr. **Natcher**. What are the main reasons for the increased number of rejected applications?

Mr. **Kornfeld**. This year for the first time we intensified our computer edit and evaluation process. For example, 60 percent of all of the rejections this year, were primarily due to income related items.

For example, a student would show that he or she comes from a family of $15,000 and then show that they paid a tax bill at $12,000 or some number like that.

The way the system is now set up the computer edits those numbers and unless those numbers are internally consistent the application is rejected. The student is informed of the nature of the inconsistency and the student has to correct that or the student is not eligible for the grant.

Mr. **Natcher**. Do you feel that the applications have been processed without undue delay?

Mr. **Kornfeld**. The answer to that question is no.

What happened this year when we initiated these computer edits and valuation is we did not anticipate this high a rejection rate. Forty percent of all of the applicants were rejected this year, and this came about because of the intensified computer edits. We were just not geared up for that kind of activity.

As of now, we are already getting applications for the next school year, 1979-80. We have a system which is working much more effectively. We are geared up for not only a 40 percent reject rate, but we decided to gear up for the very worst kind of situation, so we are geared up for a 60 percent reject rate, and what we are doing is, as the need goes up, we are going to be able to put on more people to handle the additional workload and also more telephone lines to answer questions that people have about this program.

IRS INVOLVEMENT

Mr. **Natcher**. What reaction have you had to using personal income tax as part of the Basic Grant application? Any reaction to that?

Mr. **Kornfeld**. Well, in trying to figure out different ways to improve the accuracy of the data in the application that has been one approach. We are still working on it.

However, this year, we have already selected certain students who have come through the process both at random as well as those persons who have corrected their applications and have, as a result of the correction, increased their size of award. These applicants are now selected for what we call validation, which means those students have to now bring their documentation in support of their application information to the financial administrator including their income tax form before those students can get an award.

OVERPAYMENTS OF BASIC GRANTS

Mr. Natcher. What data is available which shows the amount of overpayments to students under the Basic Grants program? Do you have information along that line on overpayments?

Mr. Kornfeld. We don't have any numbers that I can cite specifically, Mr. Chairman. But what we have been doing, we have a system now where we analyze those students who get awards and those students who got multiawards are then selected out from the pot, and we are now following through with each of those students to determine whether the student gets two awards and whether it was a legitimate award or whether that student was, in fact, overawarded.

Our plan is that when we do determine a student has been overawarded we are going to ask for refunds from those students. We plan to put that process in place by using Federal collectors to collect those overawards.

Mr. Natcher. The figures we have now for 1976 and 1977 show some 30,000 students. Is that figure about right?

Dr. Berry. Some 30,000 received duplicate payments.

Mr. Kornfeld. Yes; and that is the area we are working on, the 30,000 who received duplicate payments, but one must keep in mind, Mr. Chairman, those could be legitimate duplicate payments. The way the program is set up the student gets half the award when he starts the first semester, so let's say a student is entitlted to a $1,000 grant. The students gets $500 and he goes to school. Then the student chooses to transfer to another school; and he gets another $500, which means that is a very legitimate award. The student got $1,000.

But in our system what we have done is all those students who got more than one award—such as that student—would show up in that 30,000. We are now analyzing that 30,000 to determine which are legitimate and which are overawarded, and then we do plan to proceed appropriately against those particular students.

Mr. Natcher. All right. What is the total number and amount of refunds collected under the Basic Grants program for the last two school years? You might want to supply that.

Mr. Kornfeld. We will do so.

[The information follows:]

The Office of Education began a central collections effort for the Basic Grant program in July of 1976. To date $887,000 has been identified as over-payments and $124,833 has actually been collected.

INDEPENDENT STUDENTS

Mr. Natcher. What is the current trend in the numbers of students who are claiming they are independent of their parents when they apply for student aid?

Mr. Kornfeld. About 38 percent of the number of students who participate declare themselves independent. However, here, too, before one gets alarmed about that number, two factors must be cited.

First, that number has settled down. In the past, it has been an increasing number per year. The second point is something like in the order of magnitude of 80 percent of that 38 percent are students who are over 22 years of age. So that makes it appear that the problem of people declaring themselves independent is still not one that we are happy with. But at least it's settling down and it might not be as bad as it might have appeared in the past.

SUPPLEMENTAL GRANTS

Mr. NATCHER. Let's take the Supplemental Opportunity Grants. With the recent increases in Basic Grants, Work-Study and the loan programs, why is it necessary to continue the Supplemental Opportunity Grants program?

Mr. KORNFELD. The reason?

Mr. NATCHER. Briefly, Mr. Kornfeld.

Mr. KORNFELD. The reason the Administration feels very strongly this is a good program is the fact that the Basic Grant program is a formula driven program. There are many students who do not meet the formula criteria because of unusual circumstances, and SEOG is the one program where the financial aid administrator could make up the differences. A formula driven program just does not provide for the specific differences that individuals might have.

Mr. BAYER. It also encourages students in making choices of institutions where the amount of funds they may need may be in excess of Basic Grant award and gives greater flexibility.

Mr. NATCHER. The budget for Supplemental Grants before the committee is $340.1 million and, as you know, the basic law refers to an appropriation level of $370 million.

Based on your knowledge and experience concerning this program, will the budget request be sufficient to meet most of the need for Supplemental Grant assistance?

Mr. KORNFELD. We think $340 million will do that.

Mr. NATCHER. Do you think any student will be denied access to higher education because the budget is $30 million below the amount anticipated by the basic law?

Mr. KORNFELD. Well, I don't know if we can say no student will be denied, but as I mentioned before, in a macro sense we have come very close to providing access to most students in this country.

Mr. NATCHER. Can your office supply any background data to support the figure of $370 million?

Mr. KORNFELD. We are, of course, recommending $340 million.

Ms. BEEBE. We can provide you the number of recipients and the average award at the $370 million level.

Mr. NATCHER. Suppose you do that and place it in the record at this point.

[The information follows:]

Supplemental Educational Opportunity Grants

Program Effect at $340.1 Million and $370 Million Fiscal Year 1980 Appropriation

	1980	
Budget Authority:	$340.1 million	$370 million
Initial grants	$170,000,000	$185,000,000
(Number of recipients)	298,000	324,500
(Average award)	$570	$570
Continuation grants	$156,360,000	$170,052,000
(Number of recipients)	275,000	298,000
(Average award)	$570	$570
Administrative expenses to institutions	$ 13,604,000	$ 14,800,000
State Training program	$ 136,000	$ 148,000
Total program costs	$340,100,000	$370,000,000
Total number of grants	573,000	622,500

Mr. **Natcher.** Was there a specific commitment to fund Supplemental Grants at $370 million when the Middle Income Students Assistance Law was enacted?

Mr. **Kornfeld.** Not that I know of, sir.

WORK-STUDY

Mr. **Natcher.** Now, for the Work Study Program the budget request is $550 million, the same amount as last year. Because of the increased availability of grant assistance, have many students declined to participate in work-study programs?

Mr. **Kornfeld.** We have no evidence to that, Mr. Chairman, that students have declined.

Mr. **Natcher.** What incentive is there for students to work if they can get a basic grant of $1,800 and a supplemental grant of $600?

Mr. **Kornfeld.** First the Basic Grant program is a half cost. The maximum students can get is half cost, which means again taking a family with zero family income going to a school at $2,000, and the most a student gets in the Basic Grant program is $1,000.

The other difference that has to be made up, the additional thousand has to come from either the Supplemental Grant program, the Work-Study program, or loans.

Mr. **Bayer.** It is true, Mr. Chairman, some students prefer to utilize loans than to be in the Work-Study program because of their own particular situation where they do not feel that they should work while they are in school. I mean there is some evidence of that.

Mr. **Natcher.** How much Work-Study funds were not used in the academic year 1977-1978? Can you give us a figure?

Mr. **Kornfeld.** Something in the order of magnitude of about $50,000 lapsed.

Mr. **Natcher.** Did you say thousand?

Mr. **Kornfeld.** Yes, $50,000. We try to reallocate unused funds. Unfortunately, in the past, this is done later than we would like and therefore institutions really cannot use it as well as we think we ought to, and we are looking into this whole problem as part of our reauthorization package.

Mr. **Natcher.** Do you expect a balance in Work-Study funds for the current academic year 1978-1979?

Mr. **Kornfeld.** We expect some balance. I don't know what it is at this point. We will, of course, then go through the reallocation process. In this particular program, I should mention we are also working with the campuses to try to encourage them and give them other kinds of ideas of kinds of positions and jobs students should be able to obtain so that these funds could be used.

We think this is an excellent program, a very useful program, and we really want to encourage the campuses to make better use of this program.

Mr. **Natcher.** For the record, if you will insert a chart showing appropriations, obligations and program level for each year since 1977, and also, if you will, indicate the related academic year.

[The information follows:]

Work-Study

Appropriation Year	Academic Year Supported	Appropriation	Obligations [1/]	Program Level
1977	1977-78	$390,000,000	$384,025,000	$388,837,000
1978	1978-79	$435,000,000	$464,562,000	$433,108,000
1979	1979-80	$550,000,000	---	---

[1/] Obligations reflect fiscal year and include funds from more than one appropriation year.

Mr. **NATCHER**. Finally, how do you feel about the formula for distributing Work-Study appropriations?

Mr. **KORNFELD**. As you know, the Work-Study program is allocated in two different ways; the first cut is by State, which is a formula. Then the other formula is the way it gets distributed to institutions within a State which is the change that I mentioned earlier. We initiated this year, for the first time, a method of allocating these dollars based on need rather than some kind of grantmanship.

We are also looking at the State allotment formula to see if that formula also might be revised in some way to provide more equitable distribution at the first cut at the State level.

Mr. **NATCHER**. What is your office doing to encourage more off-campus job opportunities?

Mr. **KORNFELD**. This is what I was referring to earlier. Right now we are not doing very much about it, and we think we ought to do more about that because, as I mentioned earlier, this is a very valuable program and serves a very valuable purpose. We are planning to work with the financial aid administrators to encourage more creative use of this program than has been done in the past.

Mr. **NATCHER**. Mr. Pursell?

RANKING STUDENT AID PROGRAMS

Mr. **PURSELL**. Thank you, Mr. Chairman.

Again, if you were to look at your programs that you administer, the BEOG, the middle assistance and student loans, which would you give the highest priority to, if you had to rank these programs?

Mr. **KORNFELD**. As far as social purpose, effectiveness?

Mr. **PURSELL**. National policy.

Mr. **KORNFELD**. National policy. In my own personal opinion, the Basic Grant is one of the best programs we have out there right now because it is a foundation program. It meets half of the cost of education and permits the financial aid administrator to use his or her judgment to add other programs to it, so the student's needs can be met.

Mr. **PURSELL**. What would you rate next?

Mr. **KORNFELD**. I would rate campus based programs next, and then the loan programs. Although they are important, we have two problems with them.

First, the administration of those programs is very difficult because they are complex; the law has been changed in the Guaranteed Loan program over the last 11 years about every year. It is very difficult to administer on the part of the Office of Education, and by the lenders and State agencies. It is just a very tough program. We feel very strongly that both of these loan programs, although they serve a very valuable social, national policy purpose, need to be significantly simplified. They need to be put in a position that those students who need that money can get it.

Right now the problem is, as mentioned earlier, that the Guaranteed Loan program is specifically subject to the lenders' desires as to how much money they will lend and to whom. There are certain States in this Union where students cannot get loans.

Mr. PURSELL. That's the open-ended problem.

Dr. BERRY. Mr. Pursell, I think I would probably rearrange Mr. Kornfeld's priorities just a little bit. I would say first probably the Basic Grant, but after that I would probably talk about the Work-Study, and the campus based programs.

Mr. PURSELL. I was hoping somebody might mention that.

Dr. BERRY. And put the loans last. I guess the reason why I would do it is for several reasons. Where Work-Study programs are made to work, that is administered well and jobs are available, and so on, they are absolutely better for the students, in my opinion, than loans.

In the first place, if you have loans, you have to pay the loans off. I mean, that can be burdensome, and may influence the choice of occupation and lifestyle, and everything else, once one is out of college, such as the service one may give to society.

The other part of it is that Work-Study programs are important to institutions because they get work done by students on campus, which they need to have done, and the work benefits the students because they learn a lot of things through work that they would not have learned otherwise.

So, I think that good Work-Study programs I probably would put after grants, and after that I would probably talk about loans.

Mr. PURSELL. Well, I would probably go you one better; I would rate it No. 1 in the country.

Dr. BERRY. Getting closer.

CONSUMER INFORMATION

Mr. PURSELL. Getting closer, and I think some day we are going to achieve that.

Let me talk about your television approach. Tell me what you plan to spend in dollars and how you are going to proceed on that?

Mr. KORNFELD. We are planning to hire an advertising agency to help us put together these spots. The costs will be no more than $250,000 for the agency. The spots will then be provided free to the Federal Government as public service spots on TV and radio, student radio and newspapers, et cetera, but the maximum cost will be $250,000.

Mr. PURSELL. Your total cost budget is a quarter million dollars for this coming year?

Mr. KORNFELD. That is correct.

Mr. PURSELL. Does that show up in your program requests to us?

Mr. KORNFELD. It's not in a specific line item in the program request. It's part of our administrative set-aside budget, within the Bureau of Financial Assistance.

Mr. PURSELL. Did our committee and staff see that figure; does it show up?

Mr. KORNFELD. I don't think it shows up as a specific line item.

Ms. BEEBE. It's a part of our $41 million request for administrative support for our Student Financial Aid programs.

Mr. PURSELL. What if every Federal agency got into the television prime time and even though it was free service it's still tax money we are talking about there. It just seems to me if we are going to disseminate information on the basis of a new program because a lot of people don't understand it and it's unclear, and I sympathize with that issue, but it seems to me far better to use our dollars more wisely in working directly with the school districts within the United States.

Mr. **Kornfeld**. And we have tried, Mr. Pursell. The problem you have, as the Chairman pointed out earlier, 30 percent of the students on campus today don't know what these programs are about. Part of the problem is these programs are complex, difficult to understand, and people just don't know what is available to them.

For example, before we went this route, and I too would like to figure out a better way to do this if we could, and we tried, before we went this route we put together a very simply worded bulletin, a brochure, very neatly put together, very pretty, and distributed it, oriented, I must say, to those persons who perhaps have limited education and so they wouldn't have to read a complex governmental document.

We distributed this to every high school guidance counsellor's office, distributed them in every place we knew how, put them in Post Offices, put them in every location we could think where people might walk in and pick up the brochure and look at it. Since it was simply worded we hoped this would provide them with the inforamtion they needed.

It apparently still is not enough. Somehow we feel we have to get the word out so the people in this country know what opportunities are available to them so that we do achieve our objective, which is basically that nobody should be denied postsecondary education for financial reasons.

Mr. **Pursell**. Is your primary thurst to encourage parents to consider encouraging their young families to go to college; is that the bottom line?

Mr. **Kornfeld**. Absolutely. For example, the brochures I described to you before, we asked the high schools not to distribute this to the seniors, but to distribute it to the parents of juniors in that school because we wanted to make sure that they should know, and thereby encourage their son or daughter that even though we are poor or even if we are on welfare that does not mean we cannot go on to postsecondary education, and that is really what we are trying to accomplish.

Mr. **Pursell**. Just doing that through TV and 30-second spot ads just isn't fair. For the parent and the student in the long run to get a shock treatment. without telling them the full story.

It just seems to be an indictment on our counseling system and guidance system and all of the money we spend in the educational system. I was part of that over the years. To see the inadequacies of taking that new piece of legislation and telling that full story at the junior high level and the high school level, and through parent-teacher conferences and meetings.

The parents are quite involved now in school systems. I think that is a waste of money to go to TV with a one shot, boom, boom, and think it's a great thing to send your kid to college without telling the full story.

I don't know.

Mr. **Kornfeld**. Let me add one point, Mr. Pursell.

Mr. **Pursell**. I feel uncomfortable not telling them the whole story of how much it's going to cost to go to school and what it's all about.

Mr. **Kornfeld**. But this is not the only thing we are doing. For example, in addition to those kinds of activities which we described up to this point, we have an intensive training program of all guidance counsellors. We train all guidance counsellors in these programs.

In addition to that, we go to all of the national PTA meetings and school board meetings and have booths where we describe these programs. In addition to that, we train the financial aid administrators, and we have an elaborate training program which we do with our people training people all over the country so that they are better informed about these programs so they, in turn, can educate their parents.

Now, part of the problem is—it's like all other activitites of this sort—you just have to keep doing it more and more to make sure that the people out there know what is going on. Unfortunately, with all of this effort, we still come up with statistics as cited by the chairman, that 30 percent of the people don't know what is going on.

Mr. **Pursell**. I don't think you can go the Madison Avenue glamour route on this project and do a sincere effort. I am critical of my auto firms in Michigan for all the big car race track ads with the young lady, and so forth, and I just hate to see us do that kind of thing.

I just think the consumer is entitled to more than that and so is the parent and student. I would ask you to reevaluate the quarter million dollars and see if it can be used better, in a more direct approach with the parents and the students.

That is all, Mr. Chairman.

Mr. **Berry**. It's interesting, Mr. Chairman, it's interesting to note that your colleague in Michigan and Mr. Pursell, who admittedly is from the other side of the aisle, but Mr. Ford from Michigan has been encouraging us to do more TV spots and wants to know why we are not doing more TV spots to get the message out to the people.

Maybe this is an issue that splits the Michigan delegation into parties on different sides of the aisle.

Mr. **Pursell**. I will talk to Bill Ford about it.

Mr. **Natcher**. Mr. Early?

Mr. **Early**. Thank you, Mr. Chairman.

On that same vein, Doctor, in this austerity year, if we are going to have an outreach program through television, you should be suggesting that we reduce the budget or appropriations on the guidance because you are substituting their responsibility.

Mr. **Kornfeld**. We really have looked at this very carefully, and it's our experience it's not just one instead of the other. It's really a problem. It's just amazing to us consistently how many not only lack information out there but how much misinformation is out there. Unless one does everything they know how to try to communicate these programs and what is available to people in this country, the whole purpose of these programs really is not fully effective.

Mr. Early. Doctor, when I listen to you and Doctor Berry, answer Mr. Pursell when he said why, you said we have tried. Now, other times when I asked Doctor Berry about whether we are increasing our enrollments of minorities and disadvantaged, she says we have achieved, we have done this, we have attracted more people.

Well, what you are saying is we have to try harder while she is saying, justifying her money the other day, we have achieved this. You use those words, and they abound all over. We should do it in one place, the guidance department. If the guidance department wants to come back to us and say they cannot get the ones we want, we have to go to radio and TV, consider it. Why you people want to get in on that turf I don't know. Everyone wants to get into television. It's crazy.

Every time we put money into that we take it away from the BEOG's and we take it away from the kids.

ADMINISTRATIVE COSTS

Doctor, tell me how much of your budget in dollars is for the Financial Student Assistance administration?

Mr. Kornfeld. For BEOG's?

Mr. Early. For the whole program.

Mr. Kornfeld. For the whole program it is $40 million; for administering the program which, as you know is a $6 billion program, and $40 million, by the way, includes contractor services like computer services and printing.

Mr. Pursell. Would my colleague yield on that point?

Mr. Early. Sure.

Mr. Pursell. I think you should say to it totally, and I am not sure we have ever costed this out, but when you look at the university overhead it's enormous, and the State Department of Education, when you take those three layers at the local level, college level, and State Board of Education and the administration, those overhead costs are absolutely enormous on a one to one ratio.

I just think you ought to look at the full dimension of that cost overhead.

Mr. Early. That $40 million, that stays in Washington?

Ms. Beebe. Yes.

Mr. Early. So it's $40 million here?

Mr. Kornfeld. Including application systems contractors, I must also add that this bureau, for example, has not asked for nor has increased the numbers of persons in the bureau, and we don't feel we need any more people.

We think we can operate these programs with the same level of personnel, which is, as you know, the largest share of the administrative costs of running any program.

Mr. Early. Doctor Kornfeld, why wouldn't we be better off to distribute the Student Assistance programs via a revenue sharing program and let the States administer it, because I think what happens in Michigan and Kentucky and Massachusetts is quite different.

I don't know what they charge. I know what we charge in public high and public colleges, $500, whereas others are higher and others charge less. But why couldn't they better administer it? I think the default rate would be much lower.

Mr. **Kornfeld**. Even that statement is not accurate, Mr. Early, because our history with the States is some States do have lower default rates, but some States make the Federal Government look very, very efficient. So one cannot make that statement.

Mr. **Early**. Are you talking about Michigan again?

Mr. **Kornfeld**. No; I am not talking about Michigan. I would not talk about Michigan until Mr. Pursell leaves, anyway.

Mr. **Early**. I think we will be going in a much better direction if we were doing that. I don't know why the key is centralizing the administration of the program. Those are student programs; and if we want more outreach, we have to make as much monies available and let the States decide.

Maybe they wouldn't want to go on television. Maybe they think they can do it through the guidance program.

Mr. **Kornfeld**. We try to do it through guidance programs, too. It's not a universal truth, however, just as it's not a universal truth if everything is centralized it's good; it's not a universal truth where everything is decentralized it's good.

For example, as I mentioned, the default rate varies with States. The loan availability varies with States. There are some States in this Union where students cannot get loans. Not that it's a State, but the District of Columbia, as an example, until we the Federal Government took over, the students in this area were not able to get loans.

Mr. **Early**. But I think it's a universal statement that all States should do it differently rather than getting the unflexible program mandated from Washington. I think we could get more outreach and more effectiveness if each State could do their own thing.

Mr. **Kornfeld**. But the fact still remains that in the Guaranteed State Agency program where States are supposed to do that, there are some States where you can hardly get a loan.

Mr. **Early**. Well, I think it has to come from within as far as we take these programs, we come in here and say we have a minority youth problem, then we spread the money out evenly. The problem is in Detroit and Chicago and New York a problem with minority youth, it's not in the rural areas to the same degree.

Mr. **Bayer**. I think one thing should be made clear, as Mr. Kornfeld indicated, some of the States have had a lower default rate but you have to look behind that default rate to find out what is the loan accessibility in that State, and it goes into the whole question of national purpose versus States' rights.

The States that have had the lowest default rates are traditionally those States which have been denying access to certain groups of students, students attending certain types of schools or certain categories of students.

Mr. **Early**. Well, that's why you can't put that much weight on statistics. But I would like to see some agency come in here and want to give up some turf. Nobody wants to give up turf; everyone wants to expand turf.

Mr. **Kornfeld**. I will be very happy to give up turf.

Mr. **Early**. Let the States administer the programs.

Mr. KORNFELD. One must keep in mind a couple of things. First, these programs are not only administered centrally; we have ten regions. For example, in Boston, Mass., we have a regional office and half of the people we have in the Students Financial Assistance program are located in ten regions throughout the country; they are not all in Washington.

Mr. EARLY. And every one of them has to justify their positions, so each one has to get another paper and regulation.

Mr. KORNFELD. Not quite that way. The other point I was going to make was that these programs are administered on a decentralized basis. The only program that is centrally controlled, which is formula driven, is the Basic Grant program. The campus based programs are administered by the individual campuses in each State. The only role in the Federal Government is to provide the dollars to these institutions so the financial aid administrator in turn can distribute them.

Mr. EARLY. That's what I want to do; I want to take our Federal responsibility and reduce it and just say it's to get the money to the underprivileged, but I don't think we do anything better in Washington than they do in the individual States. There are some comprehensive programs, not in education, but——

Mr. KORNFELD. In the Guaranteed Student Loan program, that statement is not an accurate statement, Mr. Early. In the Guaranteed Student Loan program it can be stated, and we can factually prove it, that the Federal Government is doing it, is running this program better than some of the States.

Mr. EARLY. Doctor, if we take the two programs I talked about, the Guaranteed Student Loan, that was the program in the HEAL area that didn't have a single default, and we eliminated it. We eliminated that program.

We pushed this HEAL and then we go into the other program. If it works in the Federal Government, especially for educators, we cannot show our intellectual expertise and it's not the right way to go. If it works, we drop it.

Mr. KORNFELD. As I said before, I know nothing about that program. We don't run that program.

Dr. BERRY. Mr. Early, I understand your point about a central administration as well as opposed to decentralization, but in some of the programs like BEOGs, you want uniformity of treatment. The statute wants uniformity of treatment. In some programs you don't want uniformity of treatment, and where the statute requires that you don't have uniformity of treatment it makes sense to decentralize it.

As Mr. Kornfeld pointed out, some programs in the GSL and campus-based programs are, to an extent, decentralized, so it just depends on what the purpose of the program happens to be.

Mr. EARLY. I just think the purpose is to get the monies to the deserving young.

Dr. BERRY. Absolutely.

[The following questions were submitted to be answered for the record:]

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WORK-STUDY

Mr. NATCHER. The budget for work study includes over $42 million for job location allowances to institutions. Describe for us how this works?

Mr KORNFELD. The amount of $42 million as shown in the budget represents 10 percentum or $15,000 (whichever is the lesser) of each institution's annual College Work-Study Allotment which may be used to establish or expand an existing program under which an institution may locate and develop jobs for currently enrolled students. The purpose of the Job Location and Development Program is to expand the existing off-campus employment program for needy students. Under this Program, an institution separately, in combination with other eligible institutions, or through a contract with a non-profit organization may locate and develop jobs for students. Since the Federal share of funds expended is only 80 percent, the remaining 20 percent matching share is contributed by organizations with which the institution contracts, the program creates additional off-campus jobs with a minimum expenditure of Federal funds from allotted funds.

Mr. NATCHER. Do you have any evidence to justify this additional expense of $42 million?

Mr. KORNFELD. Because the program is new and regulations governing the program were not in effect until September, 1978, nowhere near the amount available has been used. However, during the 1978-79 award year, 117 institutions have implemented the Job Location and Development Program. Total earnings of $22.2 million have been generated for 13,660 students. This indicates that the program is effective in fulfulling its purpose. It is to be expected that several hundred institutions will implement the program in the 1979-80 award year with a large increase in additional jobs.

Mr. NATCHER. What control do you have in paying job location allowances?

Mr. KORNFELD. The use of 10 percentum or $15,000 (whichever is the lesser) of an institution's annual College Work-Study Allotment to establish the program is authorized by Section 447 of the Higher Education Act of 1965, Public Law 89-329 as amended by Public Law 94-48. Procedures and records concerning program administration are governed by applicable provisions of Section 175.19 of the Interim Final Regulations of August 24, 1978.

DIRECT STUDENT LOANS

Mr. NATCHER. The budget proposes $220 million for capital contributions for student loans. That is a reduction of $90.5 million from fiscal year 1979. Explain how you can maintain about the same loan volume as last year under the proposed budget.

Mr. KORNFELD. About the same loan volume for 1980 will be possible because of a large increase in collections. Collections are expected to increase from $317 million to $411,500 million due to increased "due diligence" required by regulations and by implementation of Secretary Califano's new initiatives for reducing defaults.

Mr. NATCHER. What has been the trend in the default rate for this program and what do you project for future years?

Mr. KORNFELD. Default rates are as follows: 1976, 16.4 percent; 1977, 16.8 percent; and 1978, 17.4 percent.

Because of the current NDSL initiatives, we expect that the national default rate will peak in 1979 at about 18 percent and then begin a decline in 1980.

Mr. NATCHER. Has the Department taken action against schools which have historically been lax in administering the direct loan program?

Mr. KORNFELD. Yes. For the past several years institutions showing inadequate administration causing high default rates have had their request for new Federal capital reduced or zeroed. Also institutions found to be lax in administration through audits, program reviews, etc. have had temporary holds placed on drawing their allotment until they have demonstrated that they have taken the necessary steps to correct these administrative deficiencies. Technical assistance has been provided to these institutions where needed.

Mr. NATCHER. How many schools have been denied new capital contributions because of very high default rates on loan repayments?

Mr. KORNFELD. The number of schools not receiving any new Federal capital due to high default rates for the 1979-80 award year is 352, or approximately 10 percent of all participating institutions.

Mr. NATCHER. What is the dollar amount associated with the total number of defaulted direct loans?

Mr. KORNFELD. $702,542,830 of outstanding principal is in default as of June 30, 1978.

Mr. **Natcher**. Have colleges used private collection agencies in the direct loan program?

Mr. **Kornfeld**. Yes. Most institutions are now using private collection agencies to some degree in effecting collection on defaulted loans.

Mr. **Natcher**. Has your office implemented procedures to limit the amount available to schools to their immediate needs, rather than allowing them to retain large cash balances?

Mr. **Kornfeld**. Yes. All institutions were advised in April, 1978 of a new procedure which prohibits them from withdrawing additional funds from their cash account at DHEW if the funds available at the institution for the subsequent month are already equal to or greater than the projected cash disbursements for that month.

Mr. **Natcher**. Have any efforts been made to collect excess cash from schools with amounts on-hand which exceed their immediate needs?

Mr. **Kornfeld**. Although we have not yet specifically instructed institutions to return the Federal share of excess cash, some institutions partially liquidate the cash on hand each year on a voluntary basis. In 1978 approximately $2,000,000 of excess cash was returned to the Office of Education.

Mr. **Natcher**. Is your office currently servicing direct loan accounts of institutions which have closed?

Mr. **Kornfeld**. Yes, the Office of Education assumes this responsibility in some cases.

Mr. **Natcher**. How many schools and accounts are involved?

Mr. **Kornfeld**. There are 29 institutions with 9,810 accounts involved.

Mr. **Natcher**. How much in defaulted or delinquent accounts is involved?

Mr. **Kornfeld**. There are 5,568 delinquent accounts amounting to $3,101,697 involved.

Mr. **Natcher**. What percentage of direct loans go to students attending proprietary schools?

Mr. **Kornfeld**. The projected loan volume for the 1979-80 Award Period is $649 million of which an estimated 9 percent will be lent to students in proprietary institutions.

Mr. **Natcher**. Has the participation rate of these students increased in the last few years?

Mr. **Kornfeld**. The participation rate of students attending proprietary institutions has been increasing during the past few years because greater than 50 percent of institutions which enter the program for the first time each year are proprietary.

STATE STUDENT INCENTIVE GRANTS (SSIG)

Mr. **Natcher**. The budget for State Student Incentive Grants is $76,750,000. How effective is this program in generating additional student aid from State funds?

Mr. **Kornfeld**. The Tenth Annual Survey of the National Association of State Scholarship and Grant Programs (NASSGP) credits SSIG with providing the incentive for rapid State scholarship growth since 1974-75, when SSIG was implemented with $19 million in Federal funds.

In the years since SSIG has been in existence, State payout for undergraduate needbased scholarships increased from $440.8 million in 1974-75 to $828.9 million in 1978-79. During that same period, Federal funds available from SSIG increased from $19 million to $63.75 million. It is true that a few of the mature State scholarship programs account for the bulk of State scholarship payout. For example, NASSGP data show that more than half (52 percent) of 1978-79 State scholarship payout is in three States—New York, Illinois, and California. In New York, SSIG is 2 percent of the total State payout; in Illinois, it is 4 percent. At the other end of the continuum, more than half of the States and territories have developed completely new scholarship programs under SSIG incentives. These need time to develop their financial aid resources. SSIG is an incentive for them to grow.

The figures below are adapted from the NASSGP Tenth Annual Survey:

GROWTH OF STATE AID PROGRAMS[1]

Year	Number of States and territories	Number of enrolled recipients	Dollars awarded in millions	SSIG Federal
1969 to 1970	19	470,000	$199.9	
1970 to 1971	21	535,200	236.3	
1971 to 1972	23	604,000	268.6	

GROWTH OF STATE AID PROGRAMS[1]—Continued

Year	Number of States and territories	Number of enrolled recipients	Dollars awarded in millions	SSIG Federal
1972 to 1973	29	661,700	315.5	
1973 to 1974	31	733,300	364.2	
1974 to 1975	37	813,100	440.8	$19.0
1975 to 1976	48	901,900	510.2	20.0
1976 to 1977	55	1,104,400	651.4	44.0
1977 to 1978	56	1,161,400	737.0	60.0
1978 to 1979[2]	57	1,242,500	[2] 828.9	63.75
1979 to 1980	57	NA	NA	76.75

[1] Adapted from National Association of State Scholarship and Grant Programs, Tenth Annual Survey

[2] Estimated

Mr. **Natcher**. Are all institutions of higher education eligible to participate in the Incentive Grant Program?

Mr. **Kornfeld**. In each State all nonprofit institutions are now eligible to participate in the State program, beginning in 1979-80, except where such participation is in violation of the State's constitution. Five States have asked for specific exemptions for certain types of institutions, chiefly because their constitutions forbid aid for religious instruction. The central SSIG staff have been working with States to help them resolve conflicts between federal legislation and their own statutory restrictions. In some cases, where State appropriations may not be used for scholarships to students in particular kinds of institutions, awards to otherwise eligible students are provided through use of contributed matching funds from non-Federal sources, as provided by 45 CFR 74.52.

States still have the option of determining SSIG eligibility of proprietary institutions, and more than half the States now include them. Students in graduate schools and those in correspondence courses have never been included in the SSIG statute. For the most part, States seem inclined to expand eligibility of students and institutions according to the adequacy of their resources.

SSIG as Primary Means of Tuition Assistance

Mr. **Natcher**. Do you think that the Incentive Grant Program should be the primary means of providing tuition assistance to needy students?

Mr. **Kornfeld**. There is no clearcut answer to your question. Let me begin by saying that consideration for using SSIG as the primary means for providing tuition assistance to needy students would need to examine three things: (1) variations in existing tuition patterns in the States; (2) relationships between State scholarships and Basic Grants, so that the combination of Federal and State aid will satisfy financial needs of students; and (3) development of a rationale for retargeting SSIG's incentive feature once again.

First of all, tuition patterns in the States vary according to the ratio of public and private institutions and how much the State pays to offset student costs. In States with low or no tuition, particularly those with few private institutions, the use of SSIG for tuition assistance would demand restudy of SSIG allotment formulas to guard against encouraging increases of tuition charges.

Second, any plan to use State grants for tuition should recognize that some States have constitutional or statutory restrictions or court decisions which limit the use of State appropriations in certain kinds of institutions. A flexible alternative to tuition assistance is to improve coordination between Basic and State grants. Many States are moving in this direction by using Basic Grants as the floor of a student's aid package and adding State aid so that the student's educational choice can be made apart from interinstitutional competition.

And third, some States feel that the incentive feature of SSIG has been like a moving target. Initially, it was to stimulate expansion of scholarships in States with existing programs and encourage establishment of scholarship programs in other States in order to improve educational opportunities for undergraduates with substantial financial need. To this end, States were given a great deal of flexibility to develop their programs within a wide diversity of State conditions and student needs; with modest SSIG funding, all States and territories were brought into the Nationwide State scholarship delivery system.

Once the network of State scholarship programs was complete, however, two other Federal incentives were added: (1) the expansion of institutional eligibility to include all nonprofit institutions in the State, and (2) rewarding State operation of student loan programs by giving bonus scholarship funds to States with such programs under Sec. 428(b), HEA. Both of these incentives are going into effect in fiscal year 1979.

Considering all three of the above factors, I would be reluctant to shift SSIG toward primary emphasis on tuition assistance unless we foresee a completely new set of Federal objectives and are willing to invest sufficient incentive funds for major impact on higher education in the States.

FRAUD IN BASIC GRANTS

Mr. **STOKES**. I'm concerned about your fraud and abuse detection system preventing needy and eligible students from obtaining Basic Grants because of improperly filled out forms and inadvertent error. How will you prevent this from happening?

Mr. **KORNFELD**. The system of edits in the application processing system is designed to help assure that the information used to calculate eligibility accurately reflects the financial situation and need of the applicant.

For that reason, applications that have missing information, or are found to contain inconsistent or questionable data, are returned to the applicant.

The applicant is then given the opportunity to provide the missimg information; correct the data; or confirm that what was originally reported is correct. Eligibility is then calculated on the basis of the new, or confirmed, information.

Hence, applicants are not prevented from establishing eligibility, and, if eligible, receiving a Basic Grant, but are requested to take an additional action to establish that eligibility.

We are concerned that, for some applicants, this request for additional information is confusing, and applicants may be discouraged from resubmitting their applications.

For that reason we have initiated a number of changes to the 1979–80 system. For example, some of the editing procedures have been modified to be more sensitive to particular types of circumstances. We have also made substantial changes in the messages by which we request additional information from the students, which should make the messages more clear and direct. To assist those students that are having difficulty in getting through the process, we will be advising students, who on their third attempt have still not provided the necessary information, that they may call a toll-free number for special assistance. We have also found that many students either do not respond to our requests for additional information, or wait a long period of time before responding. In order to help get these students through the process, we will be sending them a reminder notice if they fail to provide the requested information within 60 days. Finally, we have added a substantial amount of staff to handle phone calls and process corrected information on a timely basis. We are optimistic that these steps will make it easier for students to apply for and receive Basic Grant assistance based on the accurate reporting of the information needed to establish their eligibility.

BASIC GRANTS FUNDING

Mr. **STOKES**. For fiscal year 1980, you estimate that $2.4 billion will be required to fund the Basic Grants program. It is my understanding that the savings you expect to achieve through fraud and abuse activities may be underestimated. For example, the Congressional Budget Office estimates that about $2.8 billion will be required in fiscal year 1980. Would you please comment on this?

Mr. **KORNFELD**. The administration has requested $2.444 billion in order to fully fund the Basic Educational Opportunity Grant Program in fiscal year 1980. Only $1.718 billion of this, however, would be newly appropriated budget authority, because the remainder would come from funds left over from previous years and reappropriated for fiscal 1980.

The part of your question concerning the savings from fraud and abuse activities requires some further elaboration because the difference between the Administration estimate of $2.444 billion and the Congressional Budget Office estimate of $2.837 billion is not exclusively related to savings from fraud and abuse activities.

There are several reasons why the Administration estimates and Congressional Budget Office estimates differ at this time. The major reason includes, but is not limited to, the fraud and abuse savings. During fiscal year 1978, it became apparent to us that we would not realize actual Program expenditures of $2.140 billion as originally estimated several years ago when the budget for fiscal year 1978 was prepared.

One reason for this obviously relates to savings resulting from a successful implementation of tightened validation efforts through computer edits to eliminate potential "cheaters." We experienced a significant increase in our reject pool during fiscal year 1979. The reject pool consists of students whose applications were returned unprocessed because they were missing critical data items or contained data which were identified as suspect or exceeded computer tolerance edits.

An unforeseen side-effect of this fraud and abuse activity is that we feel a certain portion of those students in our reject pool who never re-entered the system may have been eligible to receive awards but were discouraged by reject notices. Consequently, they never make the necessary changes which would enable them to be processed through the application system and ultimately receive awards.

Unfortunately, because both types i.e., the "cheaters" and "discouraged" applicants, never re-entered the system, there is no satisfactory method of estimating what portion of the reject applications fall into either category and we cannot precisely state what amount of unexpended funds are attributable to either type.

What is clear, however, is that program participation declined in fiscal year 1978 and both the Administration and the Congressional Budget Office revised their participation factors. Moreover, both estimates assume some increase in Program participation in future years because it is anticipated that the "discouraged" students will re-apply in fiscal year 1979 and fiscal year 1980. Here again, these estimates are based on tenuous assumptions because there are no substantive data to make these determinations. The Congressional Budget Office assumes a faster rate of recovery than does the administration and this, in summary, constitutes the major reason for the different estimates.

I would like to note before proceeding to the next point, however, that the Administration and Congressional Budget Office are jointly reviewing incoming data on applicants for fiscal year 1979 awards to see if any trends develop which will help clarify the situation.

The next reason why the estimates vary is a result of differences in economic assumptions concerning trends in the nation's economy in terms of projections of income increases and changes in the Consumer Price Index. The Office of Management and Budget maintains a macro-economic model from which the Administration derives its economic assumptions and the Congressional Budget Office maintains a similar macro-economic model which it uses to obtain its economic assumptions.

The impact of these particular differences constitute a relatively minor, although certainly detectable, difference in the Basic Grant cost projections.

LOAN ACCESSIBILITY TO LOW-INCOME STUDENTS

Mr. STOKES. What incentives will private lenders have to make loans to low-income students under the Guaranteed Loan Program when more middle-income students will be coming to them for loans?

Mr. KORNFELD. No particular incentives are given to private lenders under the Guaranteed Loan Program to have them make loans to low-income students. From its inception, the Guaranteed Loan Program was intended to serve students as only one financial aid source in the group of student assistance programs offered by the Federal Government. The Basic Grant Program, the Supplemental Grant Program and the National Direct Student Loan Program are geared toward assisting low-income students and are awarded according to financial need. The Guaranteed Student Loan Program, which is not granted on the basis of financial need, is intended to serve middle-income students, who are not eligible for the programs designed for low-income students, and to further assist low-income students whose needs are not fully met by the other financial aid programs. The recent Middle Income Student Assistance Act has increased the funds available to students in all of the financial aid programs, which substantially decreases the need for low-income students to borrow at the higher interest rate under the Guaranteed Loan Program. Assuring loan accessibility remains of primary concern to us however, and we are continually striving to assure loan availability where private lenders prove to be inadequate.

Dissemination Activities

Mr. Stokes. What efforts has the Office of Education made to inform disadvantaged students in high school of the availability of federal assistance under OE's grant loan programs?

Mr. Kornfield. During the 1978-79 academic year there were approximately 400 counselor workshops held on student financial aid. The purpose of those workshops was to inform high school counselors of the application process students must follow to receive financial aid. They were also a means for the counselors to become acquainted with the Bureau of Student Financial Assistance.

A counselor's handbook which gives an overview about the six major sources of Federal student aid was mailed to each high school in the United States. The Director of Guidance at each high school received a letter from the Bureau of Student Financial Assistance stating what materials are available for distribution. An order form was included for their convenience. Two other materials deserve mention at this time. The Student Guide provides a detailed description of the six Federal financial aid programs and outlines the steps leading to payment of these sources of aid. Most important, it states the rights and responsibilities the student has as a consumer. There is a small brochure that includes brief information about programs in other Federal agencies too.

As part of our outreach program last year each high school reveived a slide cassette presentation on the Federal financial aid programs. This information was designed to assist schools in the explanation of the financial aid application process to students, parents, school staff personnel, and other interested parties. The information was updated and developed into a filmstrip presentation for the 1978-79 academic year.

As a result of the Middle Income Student Assistance Act the Bureau is expanding its public informations service on student financial aid. Announcements about student aid will begin appearing on TV and radio throughout the country approximately the middle of May. Announcements in newspapers and magazines will follow shortly after that.

The Bureau sends representatives to TRIO (Talent Search, Upward Bound, and Special Services) conferences and NSSFNS (National Scholarship Service and Fund for Negro Students) meetings to inform the clientele attending about the Federal student financial aid programs. BSFA representatives are also sent to local meetings of organizations and special interest groups.

Adjustments for Multiple Children in College

Mr. Stokes. Many families have difficulty financing their children's education because more than one child is in college at the same time. Under the Basic Grants program are any adjustments made concerning the expected family financial contribution when more than one child is in college?

Mr. Kornfeld. Yes, some adjustment is made for those families in which more than one family member is enrolled in college. In the Family Contribution Schedule the contribution from family income and the contribution from parental assets are added together. This total results in the expected contribution from parents with one family member in college. Since each student has an allowance for cost of attendance, the family's income is effectively decreased when there is more than one family member in college. The following percentages are used to determine the proportion of income the family is expected to contribute to each student in the family in college. If there were two students in the family in college, each student would receive 70 percent of the contribution which the family would make if there were only one student in the family. For the family with three children in college, each student could expect to receive 50 percent of single student contribution. For families with four and more students, each family will be assessed 40 percent of the single student contribution for each child in college.

Student Assistance Recipients

Mr. Roybal. In your characteristics of recipients of student assistance for the various programs you break out minority-versus non-minority background. For the record please list the ethnic characteristics of student recipients. I am especially interested in differences between Asian, Black, Hispanic and majority students.

Mr. Kornfeld. The Office of Education collects information regarding race only for the Campus-Based Programs (National Direct Student Loan, College Work Study, and Supplemental Educational Opportunity Grant Program). A survey conducted by the American Council on Education for the 1976-77 award period is the basis of the breakdown according to Racial/Ethnic Group for the basic Grant Program.

RACIAL/ETHNIC DISTRIBUTION

	Campus-Based 1977-78	Basic Grant 1976-77
Black	23.8	29.6
American Indian	.8	1.1
Asian	2.1	2.0
Hispanic	7.7	10.2
White	65.6	57.1
Total	100.0	100.0

REDUCTION IN DIRECT LOANS

Mr. ROYBAL. You propose a 90 million dollar reduction in the direct loan program. What is the current demand for this program?

Mr. KORNFELD. For the 1978-79 Award year 3,361 institutions requested a level of expenditures of $930,903,795. The request for new Federal capital was $501,776,836.

Mr. ROYBAL. 12,000 less students will be assisted by this program if your reduction goes through. What segment of the student population will be these 12,000 come from?

Mr. KORNFELD. The 12,000 fewer students assisted would not come from any particular segment of the student population. Funding levels, type of institution, cost of attendance, other funds available, i.e., State and institutional aid programs would all be factors. In any event, the increase in funds available through Basic Educational Opportunity Grants (also increases in maximum grant to $1,800) College Work-Study, and Supplemental Educational Opportunity Grants will help to meet the need for these students.

Mr. ROYBAL. You state that an oversupply of teachers now exists, so it is no longer necessary to have loan cancellation programs. Yet in the Los Angeles area, and I am sure in many other urban areas, it is the inner city and low-income schools that have the greater need for teachers. Isn't cancellation of this "incentive" factor in the loan program going to have an effect on the recruitment of teachers for these schools?

Mr. KORNFELD. The loan cancellation provision is a random benefit and is discriminating toward those people who do not borrow but choose to become teachers. There is no evidence that this benefit has produced more capable or qualified teachers. It is costly and difficult for institutions to administer.

[The justification of the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Student Assistance

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Appropriation Estimate

Student Assistance

For carrying out subparts 1 [($2,600,000,000)] *($1,718,000,000),* 2 ($340,100,000), and 3 ($76,750,000) of part A, and parts C ($550,000,000) and E [($328,900,000)] *($234,800,000)* of Title IV of the Higher Education Act, and, to the extent not otherwise provided, the General Education Provisions Act, [$3,922,650,000] *$2,961,035,000,* of which [($3,895,750,000)] *($2,919,650,000)* shall remain available until September 30, [1980] *1981*: [*Provided*, That such funds may be expended notwithstanding the provisions of section 1208(a)(2) of the Higher Education Act: *Provided further*, That (1) Funds appropriated in this Act for Basic Educational Opportunity Grants under the Higher Education Act of 1965 shall be used to make basic grants consistent with the Schedule of Expected Family Contribution in effect as of October 1, 1978, except that (A) such schedule shall not have an assessment rate on parental discretionary income in excess of 10.5 per centum, (B) such schedule shall not reduce the maximum basic grant below $1,800, and (C) such schedule shall retain the provisions relating to independent students as were in effect for the academic year 1978-79.]

[(2) If funds contained in this Act available for basic educational opportunity grants are insufficient to satisfy fully all basic grant entitlements as determined by the Family Contribution Schedule as modified by paragraph (1), the amount paid with respect to each such entitlement shall be --

(A) the full amount in the case of any entitlement which exceeds $1,600;

(B) in the case of any entitlement which exceeds $1,200 but does not exceed $1,600, 90 per centum thereof;

(C) in the case of any entitlement which exceeds $1,000 but does not exceed $1,200, 75 per centum thereof;

(D) in the case of any entitlement which exceeds $800 but does not exceed $1,000, 70 per centum thereof;

(E) in the case of any entitlement which exceeds $600 but does not exceed $800, 65 per centum thereof; and

(F) in the case of any entitlement which does not exceed $600, 50 per centum thereof:]

Provided, That not more than $726,000,000 of the amount appropriated for fiscal year 1979 under this head for subpart 1 Part A of Title IV of the Higher Education Act shall remain available through September 30, 1981 for Basic Educational Opportunity Grants without regard to Sections 411(b)(3)(B)(ii) and 411(b)(4)(B) of The Higher Education Act of 1965.[1/] *Provided further,* That amounts appropriated for [basic opportunity grants] *Basic Opportunity Grants* shall be available first to meet any insufficiencies in entitlements resulting from the payment schedule for [basic opportunity grants] *Basic Opportunity Grants* published by the Commissioner of Education during the prior fiscal year:[2/] *Provided further,* That pursuant to Section 411(b)(4)(A) of the Higher Education Act, amounts appropriated herein for [basic opportunity grants] *Basic Opportunity Grants* which exceed the amounts required to meet the payment schedule published for any fiscal year by 15 per centum or less shall be carried forward and merged with amounts appropriated the next fiscal year:[3/] *Provided further, That funds appropriated for Basic Opportunity Grants may be paid without regard to Section 411(b)(5):*[4/] *Provided further, That up to $20,000,000 of funds appropriated for Part E, Title IV of the Higher Education Act may be distributed as the Commissioner of Education determines without regard to Section 462 of the Higher Education Act of 1965.*[5/]

Explanation of Language Changes

1/ Proposes the reappropriation of up to $726,000,000 remaining from the fiscal year 1979 appropriation for Basic Educational Opportunity Grants to be used to augment the fiscal year 1980 appropriation of $1,718,000,000 which will provide a total availability of funds of $2,444,000,000 for Basic Educational Opportunity Grants.

2/ Provides for use of the 1980 appropriation for Basic Grants to meet, as a first priority, insufficiencies which might occur with respect to payments under the academic year 1979-80 payment schedule as a result of unanticipated increases in the demand for Basic Grants. This provision was included in the previous appropriation.

3/ Permits, pursuant to authorizing legislation, the carrying forward of up to 15 percent of amounts appropriated for Basic Grants for use in the subsequent academic year should unanticipated decreases in the demand for Basic Grants occur during academic year 1979-80.

4/ Proposes waiver in the authorizing legislation of minimum appropriation of $370,000,000 for Supplemental Grants and $286,000,000 for capital contribution under the Direct Loan program before Basic Grant entitlement payments can be made.

5/ Provides for a reserve fund of $20,000,000 in the Direct Loan program to be used to provide Federal capital contributions to those institutions which serve large numbers of disadvantaged students and which would not otherwise qualify for a Federal capital contribution under the proposed regulations which relate Federal capital contributions to loan repayments, fund income and reimbursements for cancellation of Direct loans.

Language provision	Explanation
...the General Education Provisions Act...	This provision provides authority for administrative support for programs administered by the Bureau of Student Financial Assistance.
...Provided, That not more than $726,000,000 of the amount appropriated for fiscal year 1979 under this head for Subpart 1, Part A of Title IV of the Higher Education Act shall remain available through September 30, 1981 for Basic Educational Opportunity Grants without regard to Sections 411(b)(3)(B)(ii) and 411(b)(4)(B) of the Higher Education Act of 1965...	A waiver of the authorizing legislation requiring the distribution of excess funds in 1978 and the retention of excess funds above 15 percent for use in 1979 is needed to provide for the lapse and reappropriation of these funds up to $726,000,000 in 1980. The reappropriation will augment the $1,718,000,000 appropriation to provide $2,444,000,000 for Basic Grant payments.
...Provided further, That amounts appropriated for Basic Opportunity Grants shall be available first to meet any insufficiencies in entitlements resulting from the payment schedule for Basic Opportunity Grants published by the Commissioner of Education during the prior fiscal year...	This provision permits use of the 1980 appropriation for Basic Opportunity Grants to meet, as a first priority, insufficiencies which might occur with respect to payments under the academic year 1979-80 payment schedule as a result of unanticipated increases in the demand for Basic Grants.
...Provided further, That pursuant to Section 411(b)(4)(A) of the Higher Education Act, amounts appropriated herein for Basic Opportunity Grants which exceed the amounts required to meet the payment schedule published for any fiscal year by 15 per centum or less shall be carried forward and merged with amounts appropriated the next fiscal year...	This provision permits, pursuant to authorizing legislation, the carrying forward of up to 15 percent of amounts appropriated for Basic Opportunity Grants for use in the subsequent academic year.
...Provided further, that funds appropriated for Basic Opportunity Grants may be paid without regard to Section 411(b)(5)...	This provision waives the requirement in the authorizing legislation that specified amounts be appropriated for Supplemental Grants, Work-Study and Direct Loans before any payments are made under the Basic Grant program.
Provided further, That up to $20,000,000 of funds appropriated for Part E, Title IV of the Higher Education Act may be distributed as the Commissioner of Education determines without regard to Section 462 of the Higher Education Act of 1965...	This provision reserves up to $20,000,000 of the appropriation for Federal capital contributions under the Direct Loan program to provide funds for institutions which no longer qualify for Federal capital contributions but are making efforts to improve managerial practices.

Amounts Available for Obligation

	1979	1980 [1]
Appropriation..........................	$3,922,650,000	$2,961,035,000
Reappropriation..........................	---	726,000,000
Subtotal, adjusted appropriation.........	3,922,650,000	3,687,035,000
Comparative transfers from:		
"Salaries and Expenses" for contractual services..................	1,843,000	---
"Student Loan Insurance Fund" for computer costs....................	12,473,000	---
Subtotal, budget authority.....	3,936,966,000	3,687,035,000
Unobligated balance, start of year.......	1,077,767,000	576,767,000
Unobligated balance, end of year.........	- 576,767,000	-1,224,767,000
Unobligated balance, lapsing.............	- 726,000,000	---
Total obligations..............	3,711,966,000	3,039,035,000

[1] Approximately $726,000,000 will remain after meeting the requirements of the Basic Grant program in fiscal years 1978 and 1979. With the waiver of 411(b)(3)(B)(ii) and 411(b)(4)(B), these funds will lapse on September 30, 1980. A reappropriation of this amount will make these funds available to meet the costs of the Basic Grant program in the 1980-81 award year. The reappropriation of $726,000,000 from prior years with the fiscal year 1980 appropriation of $1,718,000,000 will provide $2,444,000,000 for the Basic Grant program.

Summary of Changes

1979 Estimated budget authority..................................	$3,936,966,000
1980 Estimated budget authority..................................	3,687,035,000
Net change..	-249,931,000

	1979 Base	Change from Base
Increases:		
A. Built-in:		
1. Basic Grants--Increases in anticipated participation of the eligible population.	$2,600,000,000	+$140,000,000
B. Program:		
1. Basic Grants--implementation of Middle Income Assistance Act to include liberalization of treatment of independent students.........................	2,600,000,000	+ 135,000,000
2. Administrative Support--increase in administrative support costs reflect rise of contractual services.........................	41,216,000	+ 169,000
Total increases:.		+ 275,169,000
Decreases:		
A. Built-in:		
1. Basic Grants -- Rising incomes exclude families of students formerly qualifying for a Basic Grant from the eligible population...........	2,600,000,000	- 266,000,000
2. Federal capital contributions in Direct loan program--increased collections on prior loans provide increased funds in the revolving loan fund with a reduced appropriation.........	310,500,000	- 90,500,000
3. Teacher cancellations of Direct Loan program--reduction as fewer students qualify for cancellation provision........	18,400,000	- 3,600,000
B. Program:		
1. Basic Grants--increased fraud and abuse activities provide savings in 1979 now estimated to reduce program costs..................	2,600,000,000	- 165,000,000
Total decreases...........		- 525,100,000
Net change...........		- 249,931,000

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
Basic grants..............	$2,600,000,000	$2,444,000,000	-$156,000,000
Supplemental opportunity grants.....................	340,100,000	340,100,000	---
Work-study................	550,000,000	550,000,000	---
Direct loans:			
(a) Federal capital contributions........	310,500,000	220,000,000	- 90,500,000
(b) Teacher cancellations	18,400,000	14,800,000	- 3,600,000
State student incentive grants.....................	76,750,000	76,750,000	---
Administrative support.....	41,216,000	41,385,000	+ 169,000
Total budget authority	3,936,966,000	3,687,035,000	- 249,931,000

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Printing and reproduction...	$ 2,761,000	$ 3,000,000	+ $ 239,000
Other services.............	38,455,000	38,385,000	- 70,000
Grants, subsidies and contributions..............	3,895,750,000	3,645,650,000	-250,100,000
Total budget authority by object......................	3,936,966,000	3,687,035,000	-249,931,000

Significant Items in House and Senate Appropriations Committees Reports

Item	Action taken or to be taken
1979 Senate Report Direct loan program 1. The committee stated its request that the Office of Education should continue to strengthen its attempts to reduce loan defaults.	1. Proposed regulations for 1979-1980 academic year require audits by institutions every two years. 2. The frequency of Office of Education program reviews of Direct loan institutional records has been increased to insure that due diligence is maintained in the collection on Direct loan notes. 3. Proposed regulations will penalize institutions whose default rate exceeds ten percent by reduction or elimination of their Federal capital contribution award.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Student Assistance:				
1. Basic grants (HEA, Title IV-A-1) 1/................	Indefinite	$2,600,000,000	Indefinite	$2,444,000,000
2. Supplemental opportunity grants (HEA, Title IV-A-2) 1/	$200,000,000 2/	340,100,000	200,000,000 2/	340,100,000
3. Work-study (HEA, Title IV-C)....................	600,000,000	550,000,000	630,000,000	550,000,000
4. Direct loans				
(a) Federal capital contributions (HEA, Title IV-E) 1/........	400,000,000	310,500,000	400,000,000	220,000,000
(b) Teacher cancellations (HEA, Title IV-E).....	Indefinite	18,400,000	Indefinite	14,800,000
5. State student incentive grants (HEA, Title IV-A-3) 1/	50,000,000 2/	76,750,000	50,000,000 2/	76,750,000
6. Administrative support (General Education Provisions Act)................	Indefinite	41,216,000	Indefinite	41,385,000
Unfunded authorizations: Loans to institutions (National Defense Education Act, Section 207)...........	Indefinite	---	Indefinite	---
Institutional allowance (HEA, Title IV, Part A, Section 411 (d)) 1/................	Indefinite 3/	---	Indefinite 3/	---
Total BA......................		$3,936,966,000		$3,687,035,000
Total BA Against Definite Authorizations..........	1,070,000,000	1,277,350,000	1,280,000,000	1,186,850,000

1/ The authorization for these programs expires September 30, 1979. Section 414 of the General Education Provisions Act extends the authorization for one year.

2/ Initial grants only.

3/ A payment of up to $10 per academic year for each student enrolled in that institution who is receiving a Basic grant.

Student Assistance [1]

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$ 489,960,000	$ 515,000,000	$ 575,000,000	$ 512,520,000
1971	522,525,000	525,000,000	575,000,000	569,100,000
1972	976,500,000	925,000,000	975,000,000	963,500,000
1973	1,211,745,000	753,000,000	1,300,000,000	1,200,570,000
1974	1,214,000,000	1,214,000,000	1,403,500,000	1,273,500,000
1975	1,556,740,000	1,600,000,000	1,595,000,000	1,678,034,000
1976	1,841,460,000	2,513,553,000	2,458,553,000	2,550,743,000
Transition Quarter	2,548,000	2,548,000	2,548,000	2,548,000
1977	2,380,013,000	2,735,013,000	2,744,013,000	2,725,867,000
1978	2,590,713,000	3,380,503,000	3,179,503,000	3,266,413,000
1979	4,432,459,000	4,690,066,000	3,527,566,000	3,936,966,000
1980	3,687,035,000			

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[1] Appropriation adjusted to reflect funds for administrative support formerly included under Student Loan Insurance Fund and Salaries and Expenses.

Justification

Student Assistance

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Basic grants................	$2,600,000,000	$2,444,000,000	-$156,000,000
2. Supplemental opportunity grants......................	340,100,000	340,100,000	—
3. Work-study.................	550,000,000	550,000,000	—
4. Direct loans:			
a. Federal capital contributions...........	310,500,000	220,000,000	- 90,500,000
b. Teacher cancellations...	18,400,000	14,800,000	- 3,600,000
5. State student incentive grants.....................	76,750,000	76,750,000	—
6. Administrative support......	41,216,000	41,385,000	+ 169,000
Total budget authority......	3,936,966,000	3,687,035,000	- 249,931,000

General Statement

To provide access to postsecondary education through the elimination of financial barriers and to allow for a measure of choice in the selection of a postsecondary institution, this budget provides for financial assistance to students in the form of grants, loans, and jobs.

Approximately 15 years ago, a consolidation of general Federal student assistance programs was provided through the enactment of the Higher Education Act of 1965. This Act incorporated the existing loan and work-study programs with the initiation of a new program of grants awarded on the basis of financial need. The 1965 appropriation for these programs totaled just over $250 million and provided approximately 500,000 awards. Since that time, Federal assistance has expanded steadily and the 1980 budget request of $3.7 billion will provide over 5 million awards.

This expansion of the Federal financial effort in student assistance represents not only a response to the rising costs of education, but also an extension of eligibility for a significantly growing number of students. In 1979, Congress enacted the Middle Income Student Assistance Act which expanded student eligibility to include students from middle-income families by reducing the amount that families were expected to contribute to postsecondary education. Furthermore, in fiscal year 1980 as provided by this Act, an additional 60,000 independent students will now qualify for Basic Grants. The increase in independent students is the result of setting the offset allowance for single independent students and the asset allowance for independent students with dependents at a level comparable to dependent students.

In 1980 the budget proposes to continue the same policy established in 1979. The total of $3.7 billion, approximately $250 million less than in 1979, is designed to continue a requisite level of individual awards and to maintain a broad range of student eligibility. The dollar decrease is primarily a reflection of a re-estimate of Basic Grant costs. There is no projected decrease in benefits to eligible students. Due to accelerated efforts to detect fraud and abuse,the number of students participating in the program is projected to decline.This will result in savings of

$[illegible]65 million in 1979 with an estimated cost of fully funding the program at $2,435,000,000. Therefore, the decline in budget authority from 1979 to 1980 is not a real decrease in costs, but due to a 1979 appropriation which exceeds need.

Work-study and Supplemental Grants are maintained at the same level of support as in fiscal year 1979, and with the Direct Loan program provide flexible student aid alternatives at the institutional level for those students who require assistance to meet the costs of postsecondary education.

The 1980 budget request in the Direct Loan program, although $90.5 million less than in 1979, does not represent a significant decrease in the volume of loan funds available to students. This maintenance of effort is possible due to increased collections on prior loans which reimburse the revolving loan funds. Up to $20 million of the appropriation is reserved to ease the transition of institutions which are no longer eligible to receive Federal capital contributions under the proposed regulations, but are showing evidence of improved managerial practices.

With the oversupply of teachers in many fields and the reduced need to stimulate students to enter the field of teaching disadvantaged children, the justification for continuation of Teacher cancellation for Direct loans no longer exists. Therefore, new legislation is proposed to terminate the program. Prior commitments to students, however, will be maintained with the 1980 budget request. No new commitments will be made.

To coordinate administrative activities conducted under the Bureau of Student Financial Assistance, the budget request for these activities has been centralized under this account. Formerly, funds for these activities could be found under the Administrative set-aside for Basic Grants and the Student Loan Insurance Fund, and under Salaries and Expenses. This consolidation will permit a more efficient utilization of administrative funds.

The $3.7 billion request for general student assistance in addition to the [illegible]959,621,000 requested for the Guaranteed and Health Student Loan programs are further augmented by programs within the Office of Education aimed at specific target groups such as Indians, women and minorities, students in bilingual education, teachers of handicapped, etc. This level of Federal resources helps guarantee that no student shall be denied access to postsecondary education due to financial barriers and that all students will be provided with the opportunity to pursue postsecondary education.

1. Basic Educational Opportunity Grants
(Higher Education Act, Title IV, Part A, Subpart 1)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$2,600,000,000	Indefinite	---	$2,444,000,000	-$156,000,000

Purpose and method of operations

To assist undergraduate students with demonstrated financial need meet the costs of attendance at postsecondary institutions, a program of entitlement grants is authorized.

Grants range from a maximum of $1,800 to a minimum award of $200 and can fund up to one-half the actual cost of attendance not to exceed the difference between the cost and the expected family contribution. The actual cost of attendance can include tuition, fees, books, supplies, room, board, and miscellaneous expenses.

If sufficient funds are not available to provide maximum student awards, a statutory formula is used which maintains awards to those who qualify for grants of $1,600 or more while reducing all other awards by a schedule of percentages depending on their entitlements under full funding. If a second level of reduction is required, all scheduled reduction awards are prorated downward. The minimum award under this formula decreases to $50.

Students qualify for grants by meeting two general eligibility criteria:

1. Demonstrated financial need. A need analysis system determines the amount of financial aid for which a student qualifies. Each year the Commissioner submits to Congress for its approval a schedule indicating the formula the Office of Education will use for determining the amount a family can be expected to contribute to a student's postsecondary education. The formula takes into account indicators of family financial strength such as parental income, assets, family size, educational expenses of other dependent children in the family, and the special educational benefits a student receives from Social Security and the Veterans Administration.

2. Attendance in eligible institutions. Students must be enrolled on at least a half-time basis in eligible institutions. Eligibility is limited to four years of undergraduate study but may be extended to five years under special circumstances specified by law. For example, students enrolled in five-year programs leading to a first undergraduate degree or who are required to take noncredit remedial courses of study for up to one year may receive Basic Grants for a fifth year. Of the over 6,000 eligible institutions, including colleges, universities, and postsecondary vocational, technical and proprietary institutions, those which participate in the Basic Grant disbursement system can directly distribute Basic Grant awards. In nonparticipating institutions, students receive grants directly from the Office of Education.

1980 budget policy

To promote access, the budget request proposes to fully fund the Basic Grant program. The 1980 budget is primarily a continuation of the policy set forth in the Middle Income Student Assistance Act which extends Federal assistance to students from middle-income families. The major improvement in 1980 provides for addressing the inequitable treatment previously afforded independent students.

The total amount available for grant awards in fiscal year 1980 is $2,444,000,000 which will provide 2,598,000 awards ranging from $1,800 to $200 and averaging $941. This assumes that 70 percent of the eligible population will participate in the program. In comparison, an amount of $2,435,000,000 is expected to fully fund 2,728,000 students with awards averaging $892 at a participation rate of 66 percent of the eligible population in fiscal year 1979.

The efforts to reduce fraud and abuse in the Basic Grant program in 1978 are estimated to reduce program costs to $1,579,000,000 which is $561,000,000 below the appropriation of $2,140,000,000. Again in 1979, our available information indicates that the expected costs are $2,435,000,000 or $165,000,000 below the appropriation which, with the 1979 savings, will provide $726,000,000 for reappropriation in fiscal year 1980.

The decline of 130,000 awards from 1979 to 1980 is attributable to the rise in family incomes, which moves families beyond the Basic Grant eligibility range. Therefore, the decline will occur primarily for those students from families at the upper income levels. The average award and total program costs from 1979 to 1980 will increase slightly. The introduction of 60,000 previously ineligible independent students into the recipient pool at the lower income levels also contributes to the increase in the average award.

The following table indicates the estimated number of recipients in fiscal years 1979 and 1980 by income level.

Family Income Level	Estimated Number of Recipients	
	1979	1980
$ 0 - 5,400	349,000	379,000
5,401 - 10,100	557,000	596,000
10,101 - 16,100	650,000	636,000
16,101 - 20,100	459,000	455,000
20,101 and over	713,000	532,000
Total	2,728,000	2,598,000
Average award	$892	$941
Total cost	$2,435,000,000	$2,444,000,000

The implementation of the Middle Income Student Assistance Act which will end the discrepancy in the treatment for dependent and independent students will do as follows:

1. Previously, single independent students received an offset against income to cover summer living expenses only. This was not comparable to the offset accorded dependent students and independent students with dependents. The 1980 request provides for comparable treatment for all categories of students by providing for an offset to cover living expenses for a full year.

2. The same asset allowance of $25,000 (personal) and $50,000 (business) which is given to families of dependent students will now be provided for independent students with dependents.

2. Supplemental Educational Opportunity Grants (Higher Education Act, Title IV, Part A, Subpart 2)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$340,100,000	$200,000,000[1]	---	$340,100,000	---
		Indefinite [2]			

1/ Initial year awards
2/ Continuing awards

Purpose and method of operations

To provide undergraduate students financial aid to defray a portion of the costs associated with postsecondary education, this program provides Supplemental Educational Opportunity grants. Up to one-half the total amount of financial aid a student receives may be provided by these grants which in turn supplement other programs of Federal and non-Federal student assistance. Grants range from $200 to $1,500 per academic year with a total limit of $5,000 for five years of study.

Students may qualify for grants by demonstrating financial need in order to pursue postsecondary education and by enrollment at one of the over 3,000 postsecondary institutions which participate in the program. Students must be in good standing as undergraduates, show evidence of the capability to maintain good academic standing, and be enrolled on at least a half-time basis. Students will not be eligible if they are in default on a Direct, Defense, or Guaranteed Loan made by the institution or owe a refund on a grant received from the institution.

Institutions, to qualify for participation in the program, must continue to support their own student aid program with a maintenance of effort not less than the average expenditure per year made during the preceding three years. Institutions are allowed to transfer between the Supplemental Grant and Work-Study programs up to ten percent of grants disbursed or total compensation.

Funds for Supplemental Grants are distributed among States according to a statutory formula based on each State's full-time equivalent enrollment in higher education as a percentage of the national total. From each State allotment, 0.05 percent up to a maximum of $10,000 is set aside to operate the State Student Financial Assistance Training Program authorized by Section 493C of the Higher Education Act.

After the State allotments are set, funds are distributed among institutions within the State based on past utilization levels and an analysis of student need at each institution. From their allotment, institutions may use up to four percent of their expenditure under this program for information dissemination activities and for administrative expenses.

The program is forward funded; that is, the 1980 appropriation will be used by the institutions to make awards to students for attendance during academic year 1980-1981.

1980 budget policy

To promote equal access to postsecondary education, awards to institutions of higher education for the purpose of making grants to students are supported at a level of $340,100,000. A waiver of the requirement in the Middle Income Student Assistance Act that $370,000,000 be appropriated for Supplemental Grants before payments are made under the Basic Grant program is included in this budget request.

The 1980 budget request of $340,100,000 will provide Supplemental Grants to 573,000 students averaging $570, which is the same level as in 1979. The following table illustrates this distribution.

Distribution of Awards

	1979 Estimate	1980 Estimate
Initial grants	$170,000,000	$170,000,000
(Number)	298,000	298,000
(Average amount)	$570	$570
Continuation grants	$156,360,000	$156,360,000
(Number)	275,000	275,000
(Average amount)	$570	$570
Administrative expenses to institutions	$13,604,000	$13,604,000
State training program	$136,000	$136,000
Total program	$340,100,000	$340,100,000
(Total number of grants)	573,000	573,000

It is expected that the fiscal year 1980 Supplemental Educational Opportunity grant program will assist students with characteristics similar to those served in prior years. The following table displays awards distributed in 1976-77 by income level.[1]

Percent of Recipients by Income Levels

	Total Institutions	Public Institutions	Private Institutions
I. Dependent Undergraduate Family Income			
Less than $6,000	24.4	24.8	23.8
$ 6,000 - $7,499	11.0	10.0	12.5
$ 7,500 - 11,999	20.5	18.7	23.6
$12,000 - 14,999	12.0	9.8	15.9
$15,000 or more	6.6	4.4	10.3
II. Independent Undergraduates	25.5	32.3	13.9
III. Graduate Students	---	---	---
Total percentage	100.0	100.0	100.0

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[1] Atelsek, Frank J. and Gomberg, Irene L., Estimated Number of Student Aid Recipients, 1976-77, Higher Education Panel Reports, #36, American Council on Education, September, 1977.

Moreover, additional analysis of prior year awards shows the **following characteristics of SEOG recipients:**

- Women and minority students received a greater share of these awards than are attributable to their proportion of the higher education enrollment.
- Students in private institutions, which constituted approximately 22 percent of the total higher education enrollment in 1976, received 37 percent of the SEOG awards.

The following table more fully displays these distributions.

Characteristics of SEOG Recipients

Characteristics	Total Institutions	Public Institutions	Private Institutions
Number of recipients	432,000	274,000	159,000
Sex			
Women	53.7	55.0	51.4
Men	46.3	45.0	48.6
Total	100.0	100.0	100.0
Racial/Ethnic Group			
Minority	39.1	40.3	37.2
Nonminority	60.9	59.7	62.8
Total	100.0	100.0	100.0
Enrollment			
Full time	96.2	94.4	99.2
Part time	3.8	5.6	.8
Total	100.0	100.0	100.0

From the Supplemental Grant appropriation, States may retain a portion of their allotment for training financial aid advisors. By 1978 the second year of funding for this program, 47 States participated with matching grants. It is expected that all 57 eligible States and Territories will participate in 1980. This program augments training provided by the Bureau of Student Financial Assistance to insure that financial assistance counseling is at a high professional level.

Institutions also assume responsibility for providing information to prospective students on available student aid and institutional policy. To meet this goal, institutions may use up to four percent of their Supplemental Grant expenditure for these purposes and for administrative expenses.

3. Work-study
(Higher Education Act, Title IV, Part C)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$550,000,000	$630,000,000	---	$550,000,000	---

Purpose and method of operations

To assist financially needy students finance a portion of their educational costs through part-time employment, grants are provided to qualifying postsecondary institutions. Federal grants to institutions are provided for payment of up to 80 percent of a student's wages with the remaining 20 percent paid by the employer. Employers may be the institution itself (except in the case of proprietary institutions), Federal, State, local agencies, or private nonprofit organizations.

Students qualify for participation in the Work-Study program if such wages are needed to pay for the costs of postsecondary education on the undergraduate, graduate or professional level, if they are capable of maintaining good academic standing while employed and are enrolled on at least a half-time basis. Students will not be eligible to participate, however, if they are in default on a Direct, Defense, or Guaranteed Loan made by the institution or owe a refund on grants received from the institution. If income derived from the wages earned under the Work-Study program exceeds the amount needed for that semester, students will not be required to terminate employment. However, when income in excess of that needed to attend school equals $200 or more, the wages may not be subsidized with Federal funds.

To be eligible to receive grants under this program, institutions must make employment under the Work-Study program available to all eligible students and offer equivalent employment, to the extent of available funds, to all students in the institution who desire employment. Institutions must continue to support their own student aid program with a maintenance of effort not less than the average expenditure per year made during the preceding three years. Institutions are allowed to transfer between Supplemental Grant and Work-Study programs up to ten percent of their grants disbursed or total compensation.

Institutions receive funds within the limits of the allotment to the State in which the institution is located. Allotments to States are determined by statutory formula based on each State's student population as a percentage of the national total. The three determining factors are 1) the annual number of high school graduates, 2) the opening fall enrollments in institutions of higher education, and 3) the number of related children under 18 years of age living in families with incomes of $3,000 or less. From each State allotment 0.05 percent, up to a maximum of $10,000, is set aside to operate the State Student Financial Assistance Training program authorized by Section 493C of the Higher Education Act.

After the State allotments are set, funds are distributed among institutions within the State based on past award levels and an analysis of student need at each institution. An institution may use as much as 10 percent of its allocation, up to a limit of $15,000, to operate a Job Location and Development Program authorized by section 447 of the Higher Education Act. This amount must represent not more than 80 percent of the cost of the Job Development Program. The Job Location and Development Program may locate a job for any student enrolled in an institution with a Work-study program. The jobs which are located may be for any public or private employer (except eligible institutions), including profit-making enterprises which are not eligible employers under the Work-study program. From their allotment, institutions may use up to four percent of their expenditures under this program for information dissemination activities and for administrative expenses. The program is forward funded; that is, the 1980 appropriation will be used to make awards to students for attendance during academic year 1980-81.

1980 budget policy

To maintain support for financially needy students to pay for the costs of postsecondary education with earnings from part-time employment, funds are requested at the 1979 appropriation level for this program. The total fiscal year 1980 request will support 990,000 students with awards averaging $610.

It is expected that the fiscal year 1980 Work-study program will assist students with characteristics similar to those served in prior years. Below are results of an analysis of Work-study awards made by institutions in the 1976-77 academic year: 1/

Recipients by Income Level

	Total Institutions	Public Institutions	Private Institutions
Status			
Dependent Undergraduate Family Income			
Less than $6,000	19.2	21.0	16.1
$ 6,000 - $7,499	8.9	8.8	9.0
$ 7,500 - 11,999	18.4	17.2	20.7
$12,000 - 14,999	16.5	15.1	19.0
$15,000 or more	11.5	6.7	20.4
Independent Undergraduates	20.5	26.1	10.1
Graduate Students	5.0	5.1	4.7
Total	100.0	100.0	100.0

Full-time students were able to participate more extensively in the Work-study program than part-time students (95.4 percent full time to 4.6 percent part time) while both women and minority students received awards at a higher proportion than their share of higher education enrollment. This is shown in the table below:

Characteristics	Total Institutions	Public Institutions	Private Institutions
Number of recipients	698,000	447,000	251,000
Sex			
Women	55.0	55.8	53.7
Men	45.0	44.2	46.3
Total	100.0	100.0	100.0

1/ Atelsek, Frank J. and Gomberg, Irene L., Estimated Number of Student Aid Recipients, 1976-77, Higher Education Panel Reports; #36, American Council on Education, September, 1977.

Characteristics	Total Institutions	Public Institutions	Private Institutions
Racial/Ethnic Group			
Minority	29.3	32.1	24.2
Nonminority	70.7	67.9	75.8
Total	100.0	100.0	100.0
Enrollment			
Full-time	95.4	93.5	98.8
Part-time	4.6	6.5	1.2
Total	100.0	100.0	100.0

From the Work-study appropriation, States may retain a portion of their allotment for training financial aid advisors. By 1978, the second year of funding for this program, 47 States participated with matching grants. It is expected that all 57 eligible States and Territories will participate in 1980. This program augments training provided by the Bureau of Student Financial Assistance to insure that financial assistance counselors receive adequate training.

Institutions also assume responsibility for providing information to prospective students on available student aid and institutional policy. To meet this goal, institutions may use up to four percent of their total Work-Study compensation paid to students for these purposes and for administrative expenses.

The following table shows the distribution of these Work-study funds.

Distribution of Funds

	1980 Estimate
Gross compensation	$604,130,000
Federal share of compensation	483,304,000
Administrative expenses to institutions (0.04)	24,165,000
Job location allowances to institutions (0.07) 1/	42,289,000
State training programs (0.0004) 2/	242,000
Total Federal funds	550,000,000
Number of students	990,000
Annual average earnings	$610

1/ Authorized by section 447 of the Higher Education Act.
2/ Authorized by section 493C of the Higher Education Act.

4. Direct Loans: a. Federal Capital Contributions (Higher Education Act, Title IV, Part E)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$310,500,000	$400,000,000	---	$220,000,000	-$90,500,000

Purpose and method of operations

To provide long-term, low-interest loans to financially needy students to enable them to meet the costs of postsecondary education, a program of contributions to student loan funds at eligible institutions is provided. Under an agreement between the Commissioner of Education and the eligible institution, a revolving student loan fund is established. **It is funded through a Federal Capital Contribution** (FCC), an institutional contribution of not less than one-ninth the FCC, and collections from prior loans. This fund provides the source from which all direct student loans are made. These loans bear three percent interest when a loan payment becomes due nine months after the student ceases at least half-time attendance at an institution. However, repayment can be postponed up to three years for specific forms of public service. Under certain circumstances, loans can be cancelled either partially or completely. This is described more fully under the Teacher Cancellation program. Federal Capital Contributions are forward funded; that is, the fiscal year 1980 appropriation provides contributions to student loan funds during the 1980-81 academic year.

Students can qualify for participation in the Direct Loan program if a loan is needed to pursue their postsecondary education on the undergraduate, graduate, or professional level, if they are capable of maintaining good academic standing and are enrolled on at least a half-time basis. Students **will not be eligible to** participate, however, if they are in default on a Direct, Defense or Guaranteed Loan made by the institution, or owe a refund on grants previously received. The maximum amount of a loan which a student may receive annually is **determined by a student's financial need and the cost of education. The maximum aggregate amount which a graduate or professional student may receive is $10,000. In the case of a student who has completed two academic years of a program leading to a Bachelor's degree, the limit is $5,000, or for a student who has completed less than two years of a program leading to a Bachelor's degree, the limit is $2,500.**

Funds under this program are distributed to States as determined by a statutory formula based on each State's proportion of total national higher education enrollment. From each State's total allotment 0.05 percent, up to a maximum of $10,000 can be set aside to operate the State Student Financial Assistance Training program authorized by Section 493C of the Higher Education Act. States are required to match an equal amount in support of this training program.

Specific institutions receive funds within the aggregate limits of the allotment made to the State in which the institution is located. Funds are distributed among institutions within the State, based on past utilization levels and an analysis of student need at each institution which avoids necessary accumulation of capital in the institution's revolving funds. To be eligible to receive Federal Capital Contributions, institutions must make loans available to all eligible, needy students to the extent that funds are available.

The law provides for limits on the aggregate of the amounts paid to proprietary institutions. The total amount may not exceed the difference between $190 million and the total appropriation. In 1980, therefore, the maximum amount which may be paid to proprietary institutions is $30 million, the difference between the statutory $190 million and the appropriation of $220 million.

All institutions have the option of using up to four percent of their allotments under this program for information dissemination activities and for administrative expenses.

The program is forward funded; that is, the 1980 appropriation will be used to make awards to students for attendance during academic year, 1980-81.

1980 budget policy

To maintain support for students needing a Direct Loan, a budget level of $220 million is requested. This will require a waiver of the legislation which requires an appropriation of $286,000,000 for the Federal Capital Contribution of Direct Loans before payments will be made for the Basic Grants program.

Of the $220 million, an amount of $200 million of the 1980 request together with the institutional contribution and the estimated collections in revolving funds will provide for $618,479,000 and support 871,000 students with an average award of $710. The remaining $20 million of the 1980 request is reserved for use by institutions of higher education who are unable to qualify for a Federal Capital Contribution under the proposed more stringent regulations, but who are showing evidence of improvement in managerial practices. This fund will provide a contribution to their loan funds while these institutions bring their administrative practices and collections to a level which will eventually qualify them for a Federal Capital Contribution under the regulations. This funding will provide an additional 31,000 student loans.

In total, the appropriation of $220 million will provide a loan total of $640 million and support 902,000 loans averaging $710 compared to a loan volume of $649 million in 1979 supporting 914,000 loans averaging $710. The following table illustrates this distribution.

Distribution of Funds

($ in 000's)	1979 Estimate	1980 Estimate Basic	1980 Estimate Reserve	1980 Estimate Total
Federal capital contribution	$310,500	$200,000	$20,000	$220,000
State training program	(-145)	(-94)	(-09)	(-103)
Inst. capital contributions	34,484	22,212	2,221	24,433
New collections	317,000	411,500	---	411,500
Collections brought forward	58,000	63,000	---	63,000
Amount available from Teacher cancellations	18,400	14,800	---	14,800
Subtotal	738,239	711,418	22,212	733,630
Collections carried forward	-63,000	-68,000	---	-68,000
Administrative expenses to institutions (4%)	-25,971	-24,939	-662	-25,601
Loan volume	649,268	618,479	21,550	640,029
(Students Aided)	(914,000)	(871,000)	(31,000)	(902,000)

Since the purpose of the Direct Loan program is to assist students in financial need, students receiving Direct Loans have tended to be those from low-income families. The following table illustrates this for Direct Loan borrowers during the 1976-77 award year: 1/

Recipients by Income Level

	Total Institutions	Public Institutions	Private Institutions
I. Dependent Undergraduate Family Income			
Less than $6,000	14.9	16.0	13.1
$ 6,000 - $7,499	6.9	7.2	6.4
$ 7,500 - 11,999	17.8	17.1	18.8
$12,000 - 14,999	16.5	14.4	19.8
$15,000 or more	14.5	9.4	22.8
II. Independent Undergraduates	21.6	28.1	11.2
III. Graduate Students	7.8	7.8	7.9
Total	100.0	100.0	100.0

Full-time students participate more extensively in the Direct Loan program than part-time students (95.5 percent full time to 4.5 percent part time), and minority students received awards at a higher proportion than their share of higher education enrollment. This is shown in the following table:

Characteristics of Direct Loan Recipients

Characteristics	Total Institutions	Public Institutions	Private Institutions
Number of recipients	757,000	465,000	292,000
Sex			
Women	49.7	51.5	46.9
Men	50.3	48.5	53.1
Total	100.0	100.0	100.0
Racial/Ethnic Group			
Minority	25.7	29.0	20.2
Nonminority	74.3	71.0	79.8
Total	100.0	100.0	100.0
Enrollment			
Full time	95.5	93.9	98.0
Part time	4.5	6.1	2.0
Total	100.0	100.0	100.0

1/ Atelsek, Frank J. and Gomberg, Irene L., Estimated Number of Student Aid Recipients, 1976-77, Higher Education Panel Reports; #36, American Council on Education, September, 1977.

From the Direct Loan appropriation, States may retain a portion of their allotment for training financial aid advisors. By 1978, the second year of funding for this program, 47 States participated with matching grants. It is expected that all 57 eligible States and Territories will participate in 1980. This program augments training provided by the Bureau of Student Financial Assistance.

Institutions also assume reponsibility for providing information to prospective students on available student aid and institutional policy. To meet this goal, institutions may use up to four percent of the principal amount of Direct Loans made during the year for these purposes and for administrative expenses.

4. Direct Loans: b. Teacher Cancellations
(Higher Education Act, Title IV, Part E)

1979 Estimate		1980			
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Increase or Decrease
---	$18,400,000	**Indefinite**	---	$14,800,000	-$3,600,000

Purpose and method of operations

To encourage borrowers to work in specific areas, such as the teaching of the handicapped or teaching in schools with a high concentration of low-income students, or to work as a professional Head Start staff member, or to serve in the military in "areas of hostilities," provision has been made for a program of student Direct and Defense Loan cancellations. The legislation authorizes this program to repay to institutional loan funds the principal of loans cancelled. Specifically, for Defense Loans made prior to June 30, 1972, the amount reimbursed is the institutional capital share only, but for Direct Loans made after the date, the reimbursement is for 100 percent of the loan. This program is current year funded.

1980 budget policy

To meet prior commitments to repay institutional loan funds from loans to eligible **students, $14,800,000 is requested. This will provide funds to cancel an** estimated 500,000 or more loans. This decline in the estimate of required funds over the prior year reflects the decrease of borrowers who qualify for the cancellation provision since fewer teaching positions are available in elementary and secondary schools. In addition, no new borrowers are now able to qualify under the military provision since no military **"areas of hostilities" are now active.**

With the oversupply of teachers in those fields in which this program was to stimulate participation, the justification to continue this program no longer exists. Therefore, legislation to terminate the program is proposed for the 1980-81 academic year. Since the cancellation provision becomes operative nine months after the student has stopped at least half-time attendance at an institution of higher education, the impact of the termination of this program will not be felt until 1985.

The following displays the distribution of funds under this program:

	979 Estimate	1980 Estimate
Total Federal funds	$ 18,400,000	$ 14,800,000
Total amount cancelled	$ 58,900,000	$ 50,000,000
Defense loans	$ 45,000,000	$ 28,000,000
Direct loans	$ 13,900,000	$ 12,000,000
Total Federal funds paid to institutions	$ 18,400,000	$ 14,800,000
No. of students affected	543,000	505,000

5. State Student Incentive Grants (SSIG)
(Higher Education Act, Title IV, Subpart 3)

1979 Estimate		1980			Increase or Decrease
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	
---	$76,750,000	$50,000,000[1/]	---	$76,750,000	---

1/ Plus such sums as necessary for continuation awards.

Purpose and method of operations

To maintain the State-Federal partnership to promote grant programs which aid undergraduate students with "substantial financial need," awards to States are provided. To ensure maintenance of effort, State matching for student awards must be in excess of the amounts the State spent for grants two fiscal years prior to the year in which the State initially received aid under the State Student Incentive Grant(SSIG) program.

In order for a student to receive a grant, a student must demonstrate financial need and be in attendance, at least half time, as an undergraduate at an institution of higher education. More specific criteria on recipient eligibility and level of award, which cannot exceed $1,500 a year, are determined by the States with the approval of the Commissioner of Education. While States have established varied criteria for student and institutional participation, the law now requires that States include all nonprofit institutions of higher education as eligible to participate in the program, except where the participation of such institutions is in violation of the State's constitution.

States, to participate in the State Student Incentive Grant program, must not only meet a maintenance of effort but must administer the funds through a single State agency. Funds are allotted to States based upon a legislated formula reflecting the State's proportion of the total national student enrollment in higher education. Reallotment is permitted if a State does not use all of its current allotment. If the funding for this program exceeds $75,000,000, a bonus allotment from this excess is paid to States which have an operating State guaranteed student loan program.

This program is forward funded; that is, the 1980 appropriation will be used to make awards to students for attendance during the academic year, 1980-81.

1980 budget policy

To maintain the Federal-State partnership in providing support for student grants for financially needy students, an amount of $76,750,000 is requested in the 1980 budget. With this request, an estimated 307,000 students in 57 States and Territories will receive grants averaging $500, of which $250 is from Federal funds. From the basic allotment, support will be provided for 208,640 continuation awards and 91,360 initial awards.

In 1979 as in 1980, the budget will exceed $75,000,000 by $1,750,000. Therefore, one third of the excess, $583,000, will be used to provide bonus funds for awards in those States with State student loan insurance programs (54 States in fiscal year 1980). The remaining $1,167,000 will be distributed among all 57 States and Territories participating in the State Student Incentive Grant program for use either to expand the number of student scholarship recipients or to enlarge individual student awards to meet demonstrated needs more effectively, or both.

Since financial need remains the most significant criterion for student eligibility, recipients have tended to cluster among low-income families. The following table illustrates this for SSIG recipients during the 1976-77 award year:

SSIG AWARDS BY INCOME LEVELS OF RECIPIENTS, 1976-77 AWARD YEAR

	Percentage Distribution	
Income Levels	Percent of Total	Cumulative Percent
\$ 0 to \$ 5,999	41.86	41.86
\$ 6,000 to \$ 8,999	18.76	60.62
\$ 9,000 to \$11,999	13.60	74.22
\$12,000 to \$14,999	10.76	84.98
\$15,000 to \$19,999	10.69	95.67
\$20,000 and Over	4.33	100.00
TOTAL	100.00	

Moreover, additional analysis of awards during the 1976-77 year shows that private institutions, which represent approximately 22 percent of the total higher education enrollment, received over 48 percent of the SSIG funds. These distributions are further illustrated in the following table:

SSIG AWARDS BY TYPE OF INSTITUTION - 1976-77 AWARD YEAR

Types of Institutions	Recipients (Percent)	Federal Funds (Percent)	Calculated Average Federal + State
TOTALS	100.0%	100.0%	\$548
Public Institutions	66.0	49.0	\$406
2-year	(15.8)	(11.6)	\$402
4-year	(50.2)	(37.4)	\$408
Private Institutions	31.8	48.3	\$832
2-year	(2.2)	(2.3)	\$562
4-year	(29.6)	(46.0)	\$852
Proprietary	1.3	2.0	\$870
Other	.9	.7	\$420

The distribution of SSIG awards by institutions has been partially the result of State laws which have established institutional and student eligibility which have differed from State to State. The following display outlines the different requirements which States have enacted:

Eligibility Requirements For Institutions and Students FY 1976

Institutional Eligibility	Number of States
Both public and private institutions	51
2-year as well as 4-year institutions	51
Proprietary schools	25
Public institutions only - (Utah, Am. Samoa)	2
Private institutions only - (ME., S.C.)	2
Other kinds of institutions	18
Student Eligibility	
Part-time students 1/	22
Portable to out-of State institutions 2/	12
Costs Covered	
Tuition and fees	54
Room and Board	42
Books and other costs	42
Total States and Territories	55

1/ Part-time awards authorized in 5 additional States, but not used.
2/ Reciprocal or other arrangements in 6 other States.

The budget request will continue to provide stimulus for States to devote funds for student grants. As past history indicates, continued Federal support will encourage expanded State aid.

Growth of State Aid Programs 1/

Year	Number of States Territories	Number of Enrolled recipients	Dollars awarded in millions
1969-70	19	470,000	$199.9
1970-71	21	535,200	236.3
1971-72	28	604,000	268.6
1972-73	29	661,700	315.5
1973-74	31	733,300	364.2
1974-75	37	813,100	440.8
1975-76	48	901,900	510.2
1976-77*	55	1,104,400	651.4
1977-78*	56	1,190,300	746.0

*Estimated.

National Association of State Scholarship and Grant Programs, Ninth Annual Survey.

6. Administrative Support
(General Education Provisions Act)

1979 Estimate[1]			1980		
Pos.	Budget Authority	Authorization	Pos.[2]	Budget Authority	Increase or Decrease
1057	$41,216,000	---	974	$41,385,000	+$169,000

[1] Administrative Support of $41,216,000 was not broken out as a separate category in 1979. $1,843,000 was included under Salaries and Expenses, $12,473,000 was included in the Student Loan Insurance Fund and $26,900,000 was provided in the Basic Grant set-aside.

[2] Total positions located in the Bureau of Student Financial Assistance.

Purpose and method of operations

To provide administrative support to operate programs located in the Bureau of Student Financial Assistance, a consolidation of administrative support activities is proposed. The following programs would be affected by the consolidation: Basic Educational Opportunity Grants, Supplemental Educational Opportunity Grants, Direct Loans, Work-Study, State Student Incentive Grants, and Guaranteed and Health Professions Loans.

Currently, administrative support activities come from three separate sources: the Basic Grant Administrative set-aside, the Student Loan Insurance Fund set-aside, and the Office of Education Salaries and Expenses account. To effectively operate these contractual administrative support services, a consolidation is needed.

Support services provide the data processing and application checking needed to make the over five million awards that Student Assistance programs currently average. In addition, activities include management studies and validation of submitted applications, projections on costs of Basic Grants, Guaranteed Loans, and Teacher Cancellations of the Direct Loan program, projected impact of optional funding levels, training and dissemination regarding Student Assistance, certification of institutions for participation in Student Assistance programs, etc. Some of the services support the collection effort on defaulted federally guaranteed loans. The success of this effort depends, in part, on the support funded under this activity. Both preclaims assistance to institutions to reduce potential default claims and assistance provided in Federal legal actions against fraud in Student Aid programs are provided here.

With the current procedure, three separate sources of funds are used. While some of the activities supported relate to only one specific program activity, other activities undertaken relate to two or more programs and are funded from two or more sources. For example, support of training activities may well come from all three sources. Thus, funds to support this activity would have normally required three separate reporting and accounting procedures and overviews, an unnecessarily complicated and burdensome requirement. This has frustrated the attempts to provide coordinated accounting procedures which cover all student assistance programs and which are not duplicative. Consolidation of these activities under one account would eliminate this kind of overlap and provide for a more efficient and economical operation. Management improvements could be implemented and contracts negotiated which would provide for better service with less financial support.

All of these activities are implemented through contractual agreements. None of these activities support Office of Education staff salaries or personnel compensation in support of travel, equipment, training of Office of Education staff, or overtime.

1980 budget policy

To provide funding for administrative activities in support of programs located in the Bureau of Student Financial Assistance, a budget level of $41,385,000 is requested. This amount represents an increase of $169,000 above the total of the fiscal year 1979 budget levels appropriated for these same activities in three separate appropriations but which are now proposed for centralization under this account.

Listed below are projected levels of funding for these activities. As needs and priorities change, however, significant shifts among activities might occur.

Activities	1979	1980	Change
Application processing	$17,365,000	$19,500,000	+$2,135,000
ADP development and operations	11,220,000	10,500,000	- 720,000
Preclaims assistance	1,100,000	1,500,000	+ 400,000
Health education assistance loan operations	1,000,000	1,300,000	+ 300,000
Supplies for contractor	208,000	250,000	+ 42,000
Printing	2,761,000	3,000,000	+ 239,000
Training and dissemination	3,195,000	3,500,000	+ 305,000
Validation studies	2,000,000	500,000	- 1,500,000
Institutional certification	85,000	85,000	---
Compliance investigation support	425,000	250,000	- 175,000
Management studies	1,857,000	1,000,000	- 857,000
Total	41,216,000	41,385,000	+ 169,000

The major increase in costs is directly related to increases in service for application processing in 1980 and for more sophisticated computer matching and editing activities. The additional two million dollars requested, in addition, will provide for the processing of over one million more Guaranteed Student Loan applications than in the prior year. This contract includes the processing of initial applications which may number over five million, as well as subsequent corrections of these applications and notifications of student eligibility. The contractor serves as a disbursing agent for student awards for those institutions which do not directly administer the Basic Grant program. Telephone lines are also provided for giving technical assistance to students filling out applications.

Other services showing increases provide for the participation of 300 additional institutions of postsecondary education in student assistance programs. Assistance will be provided to institutions to collect an additional 400,000 defaulted loans before the claims are eligible for submission to the Federal government for payment. Activities to insure that the Health Education loans are available and known to both eligible students and eligible schools will substantially increase. While savings may result from the consolidation of the printing activities, the increase in actual number and kind of material needed will offset these savings. This situation is also true of the training activities. While training will be more economically and efficiently undertaken, the inclusion of an additional 1,350 high school counselors and financial aid officers into the training program will cause an overall increase in training costs.

The primary savings are found in the validation activities and management studies. Given the increasing reliance on preaward validation of student applications at the institutional level, the actual case work previously conducted under contract will be discontinued and any cases referred by schools will be resolved by the Office of Education staff.

More reliance on data available to the program has permitted a reduction in management studies. However, activities which refine the projection of costs in Basic Grants will be continued and a study of postsecondary student dropouts will be undertaken.

Student Assistance

Supplemental Educational Opportunity Grants

State or Outlying Area	1978 Actual	1979 Appropriation	1980 Estimate
TOTAL	\$270,093,000[1]	\$340,100,000[2]	\$340,100,000[2]
Alabama	5,942,225	5,149,993	5,149,993
Alaska	361,270	357,132	357,132
Arizona	2,979,700	4,756,050	4,756,050
Arkansas	1,571,152	2,203,191	2,203,191
California	29,024,269	39,558,769	38,558,769
Colorado	3,911,989	4,480,447	4,480,447
Connecticut	3,383,330	3,956,985	3,956.985
Delaware	604,725	837,035	837,035
Florida	6,688,334	9,772,128	9,772,128
Georgia	3,813,870	5,772,641	5,772,641
Hawaii	857,876	1,304,328	1,304,328
Idaho	827,620	1,124,739	1,124,739
Illinois	11,551,342	15,085,383	15,085,383
Indiana	5,486,440	6,470,817	6,470,817
Iowa	4,013,129	3,891,816	3,891,816
Kansas	2,716,980	3,528,037	3,528,037
Kentucky	2,748,900	4,053,920	4,053,920
Louisiana	3,090,650	4,812,391	4,812,391
Maine	4,831,340	1,178,967	1,178,967
Maryland	4,321,020	5,207,187	5,207,187
Massachusetts	12,393,995	10,431,176	10,431,176
Michigan	11,184,604	12,322,294	12,322,294
Minnesota	7,694,040	6,505,037	6,505,037
Mississippi	2,663,492	2,913,332	2,913,332
Missouri	4,593,797	6,166,345	6,166,345
Montana	713,100	1,001,934	1,001,934
Nebraska	1,595,013	2,460,628	2,460,628
Nevada	451,290	682,533	682,533
New Hampshire	2,898,370	1,265,506	1,265,506
New Jersey	5,105,005	7,730,324	7,730,324
New Mexico	2,345,590	1,598,370	1,598,370
New York	20,591,792	26,315,525	26,315,525
North Carolina	6,339,059	7,484,885	7,484,885
North Dakota	1,970,630	1,032,882	1,032,882
Ohio	10,505,790	12,585,048	12,585,048
Oklahoma	2,980,107	4,313,537	4,313,537
Oregon	5,513,008	3,763,422	3,763,422
Pennsylvania	13,259,707	14,252,268	14,252,268
Rhode Island	1,888,490	1,757,235	1,757,235
South Carolina	2,890,744	3,717,544	3,717,544

State or Outlying Area	1978 Actual	1979 Appropriation	1980 Estimate
South Dakota	$ 1,803,350	$ 1,015,704	$ 1,015,704
Tennessee	4,310,664	5,391,513	5,391,513
Texas	12,042,100	17,635,993	17,635,993
Utah	1,604,774	2,562,641	2,562,641
Vermont	3,358,010	855,134	855,134
Virginia	4,261,793	6,470,374	6,470,374
Washington	7,995,165	6,508,991	6,508,991
West Virginia	2,045,290	2,201,453	2,201,453
Wisconsin	10,434,110	6,849,866	6,849,866
Wyoming	391,070	501,137	501,137
District of Columbia	1,762,755	2,218,052	2,218,052
American Samoa	—	14,383	14,383
Guam	40,300	77,746	77,746
Puerto Rico	4,122,870	1,798,478	1,798,478
Trust Territories	—	3,135	3,135
Virgin Islands	24,640	30,574	30,574
Mariana Islands			

1/ Actual obligations. Excludes funds to States set aside for the State Student Financial Assistance Training program, and includes distribution of discretionary funds. **(Total distribution: $268,491,675)**

2/ Estimated distribution of $183,654,000 for Initial Year awards and $156,446,000 for Continuing Awards with $170,050 **excluded** for State Student Financial Assistance Training program and 10 percent ($33,992,995) reserved and the balance distributed to the 50 States, D.C., Puerto Rico, American Samoa, Guam, Virgin Islands and Trust Territory on the basis of the full-time and full-time equivalent enrollment in H.E.I., Fall 1977 and proprietary schools 1976-77. **(Total distribution: $305,936,955)**

Student Assistance

Work-Study 1/

State or Outlying Area	1978 Actual	1979 Appropriation	1980 Estimate
TOTAL	$435,000,000 1/	$550,000,000 2/	$550,000,000 2/
Alabama	8,855,812	11,347,495	11,347,495
Alaska	385,211	681,172	681,172
Arizona	4,412,093	5,736,621	5,736,621
Arkansas	4,425,728	5,921,417	5,921,417
California	36,842,111	46,198,102	46,198,102
Colorado	5,904,727	6,123,932	6,123,932
Connecticut	4,748,767	5,966,214	5,966,214
Delaware	1,053,414	1,310,655	1,310,655
Florida	12,675,086	16,246,225	16,246,225
Georgia	9,669,933	12,439,198	12,439,198
Hawaii	1,416,846	1,839,005	1,839,005
Idaho	1,676,922	1,786,272	1,786,272
Illinois	17,846,308	22,483,318	22,483,318
Indiana	8,313,845	10,386,836	10,386,836
Iowa	5,249,634	6,224,973	6,224,973
Kansas	4,134,604	5,229,797	5,229,797
Kentucky	7,104,332	8,941,970	8,941,970
Louisiana	9,082,020	12,510,651	12,510,651
Maine	5,531,994	2,135,688	2,135,688
Maryland	6,613,030	8,411,014	8,411,014
Massachusetts	24,499,489	12,717,264	12,717,264
Michigan	14,527,161	18,543,745	18,543,745
Minnesota	9,927,473	9,447,294	9,447,294
Mississippi	7,232,630	8,828,976	8,828,976
Missouri	8,480,530	10,676,557	10,676,557
Montana	2,299,803	1,846,019	1,846,019
Nebraska	2,818,404	3,755,332	3,755,332
Nevada	768,244	949,718	949,718
New Hampshire	3,360,023	1,777,364	1,777,364
New Jersey	10,462,844	13,295,017	13,295,017
New Mexico	4,358,249	3,650,280	3,650,280
New York	32,556,970	38,134,741	38,134,741
North Carolina	10,790,823	14,492,417	14,492,417
North Dakota	2,307,126	1,705,881	1,705,881
Ohio	17,042,330	21,560,212	21,560,212
Oklahoma	5,621,472	7,011,719	7,011,719
Oregon	8,830,162	5,178,229	5,178,229
Pennsylvania	19,393,331	23,801,672	23,801,672
Rhode Island	2,703,401	2,247,478	2,247,478
South Carolina	6,529,365	8,418,056	8,418,056

State or Outlying Area	1978 Actual	1979 Appropriation	1980 Estimate
South Dakota	3,119,097	1,969,138	1,969,138
Tennessee	8,421,044	10,779,922	10,779,922
Texas	22,856,002	29,321,740	29,321,740
Utah	2,501,017	3,228,235	3,228,235
Vermont	3,571,995	1,147,632	1,147,632
Virginia	8,789,609	11,333,484	11,333,484
Washington	9,883,934	8,290,869	8,290,869
West Virginia	3,790,885	4,877,625	4,877,625
Wisconsin	8,734,039	9,834,737	9,834,737
Wyoming	639,533	819,636	819,636
District of Columbia	2,716,280	2,211,496	2,211,496
Outlying areas		11,000,000	11,000,000
American Samoa			
Guam	395,164		
Puerto Rico	7,203,606		
Trust Territories			
Virgin Islands	33,721		
Mariana Islands			

[1] Actual obligations excludes funds to States set aside for the State Student Financial Assistance Training program, and includes distribution of discretionary funds. **(Total distribution: $433,108,173)**

[2] Estimated distribution of $550,000,000 with two percent ($11,000,000) reserved for the outlying areas; $1,200,000 reserved for students from American Samoa and the Trust Territories; $274,000 **excluded** for State Student Financial Assistance Training program; ten percent ($53,752,560) of the balance reserved for discretionary distribution; and 90 percent ($483,773,040) distributed to the 50 States and D.C. with 1/3 distributed on the basis of the full-time enrollment in institutions of higher education, Fall 1977 including proprietary schools (1976-77); 1/3 on the total public and nonpublic high school graduates, 1976-77; 1/3 on "related children under 18" in families with income under $3,000 p.a. (1969). **(Total distribution: $494,773,040)**

Student Assistance

Direct Loans
Federal Capital Contribution

State or Outlying Area	1978 Actual	1979 Appropriation	1980 Estimate
TOTAL	$310,500,000[1]	$310,500,000[2]	$220,000,000[3]
Alabama	4,954,911	4,861,201	3,131,208
Alaska	133,140	210,136	135,353
Arizona	4,427,448	3,882,133	2,500,569
Arkansas	2,136,589	2,200,020	1,417,082
California	36,453,348	30,851,707	19,872,276
Colorado	6,339,114	4,290,988	2,763,922
Connecticut	4,300,255	3,467,740	2,233,649
Delaware	820,883	783,042	504,375
Florida	8,478,518	8,473,495	5,457,968
Georgia	3,754,866	5,294,901	3,410,564
Hawaii	609,273	1,170,049	753,655
Idaho	1,316,942	1,082,353	697,168
Illinois	14,452,328	12,952,013	8,342,681
Indiana	7,466,473	6,189,952	3,987,086
Iowa	4,538,783	3,962,319	2,552,218
Kansas	3,967,349	3,304,752	2,128,665
Kentucky	3,372,644	3,956,857	2,548,700
Louisiana	4,709,514	4,735,233	3,050,069
Maine	3,404,923	1,168,721	752,800
Maryland	4,520,022	4,349,136	2,801,376
Massachusetts	16,261,031	9,936,483	6,400,311
Michigan	9,133,255	10,936,412	7,044,388
Minnesota	6,467,720	6,441,205	4,148,924
Mississippi	3,091,049	2,894,986	1,864,725
Missouri	6,837,292	5,751,814	3,704,872
Montana	825,547	1,002,243	645,567
Nebraska	2,625,944	2,309,336	1,487,495
Nevada	692,235	506,527	326,265
New Hampshire	2,847,902	1,225,807	789,570
New Jersey	6,419,901	6,727,923	4,333,606
New Mexico	2,429,002	1,520,415	979,333
New York	28,621,391	24,570,153	15,826,186
North Carolina	6,005,663	7,185,330	4,628,232
North Dakota	1,416,809	1,066,232	686,784
Ohio	14,979,575	11,745,436	7,565,499

State or Outlying Area	1978 Actual	1979 Appropriation	1980 Estimate
Oklahoma	4,288,720	4,039,659	2,602,035
Oregon	6,742,015	3,415,092	2,199,737
Pennsylvania	15,763,929	13,623,044	8,774,908
Rhode Island	2,134,185	1,616,304	1,041,097
South Carolina	1,730,785	3,591,887	2,313,615
South Dakota	2,101,246	1,052,502	677,940
Tennessee	4,728,285	5,133,467	3,306,581
Texas	9,367,117	15,709,310	10,118,718
Utah	2,325,856	2,473,197	1,593,041
Vermont	2,042,952	863,455	556,171
Virginia	5,571,483	5,824,869	3,751,928
Washington	7,638,714	6,036,939	3,888,528
West Virginia	2,010,419	2,064,759	1,329,957
Wisconsin	8,514,350	6,578,211	4,237,173
Wyoming	523,679	473,413	304,936
District of Columbia	2,220,739	1,792,075	1,154,315
American Samoa	—	27,272	17,567
Guam	—	70,817	45,615
Puerto Rico	3,573,944	3,884,864	2,502,328
Trust Territories	—	8,724	5,619
Virgin Islands	19,260	23,365	15,050
Mariana Islands	---	—	---

1/ Actual obligation. Excludes amount to States from Direct Loan appropriation for the State Student Financial Assistance Training programs, and includes distribution of discretionary funds. (Total distribution: $310,109,317)

2/ Estimated distribution of $310,500,000 with $155,250 excluded for State Student Financial Assistance Training program, ten percent ($31,034,475) of the balance reserved for discretionary purposes, the remainder distributed on the basis of the total full-time enrollment in institutions of higher education, Fall 1977 including proprietary schools, 1975-76. (Total distribution: $279,310,275)

3/ Estimated distribution of $220,000,000 with $20,000,000 reserved; $10,000 excluded for State Student Financial Assistance Training Program; ten percent ($19,990,000) of the balance reserved for discretionary purposes, and the remainder ($179,910,000) distributed on the basis of the total full-time enrollment in institutions of higher education, Fall 1977 and proprietary schools, 1976-77. (Total distribution: 179,910,000)

Student Assistance

State Student Incentive Grants

State or Outlying Area	1978 1/ Actual	1979 2/ Appropriation	1980 2/ Estimate
TOTAL	$ 63,750,000	$ 76,750,000	$ 76,750,000
Alabama	950,733	1,161,740	1,161,740
Alaska	75,046	138,252	138,252
Arizona	949,458	1,296,512	1,296,512
Arkansas	372,056	497,971	497,971
California	10,236,372	11,603,671	11,603,671
Colorado	834,908	1,051,137	1,051,137
Connecticut	810,605	1,003,853	1,003,853
Delaware	170,598	198,308	198,308
Florida	1,901,344	2,463,087	2,463,087
Georgia	1,127,946	1,326,067	1,326,067
Hawaii	248,378	307,171	307,171
Idaho	206,157	261,966	261,966
Illinois	3,149,182	4,092,103	4,092,103
Indiana	1,212,426	1,527,637	1,527,637
Iowa	661,639	835,323	835,323
Kansas	690,593	863,491	863,491
Kentucky	759,003	931,273	931,273
Louisiana	864,715	1,064,536	1,064,536
Maine	231,107	272,698	272,698
Maryland	1,099,677	1,408,470	1,408,470
Massachusetts	2,161,890	2,502,376	2,502,376
Michigan	2,711,728	3,173,251	3,173,251
Minnesota	1,167,824	1,464,702	1,464,702
Mississippi	554,711	638,269	638,269
Missouri	1,246,126	1,481,677	1,481,677
Montana	175,249	218,756	218,756
Nebraska	420,019	574,151	574,151
Nevada	203,344	213,255	213,255
New Hampshire	220,741	279,484	279,484
New Jersey	1,638,545	2,033,749	2,033,749
New Mexico	299,011	385,341	385,341
New York	6,275,620	6,357,214	6,357,214
North Carolina	1,370,509	1,681,565	1,681,565
North Dakota	163,287	213,421	213,421
Ohio	2,383,616	3,018,242	3,018,242
Oklahoma	936,617	1,029,660	1,029,660
Oregon	788,862	930,403	930,403
Pennsylvania	2,651,857	3,303,488	3,303,488
Rhode Island	346,484	421,087	421,087
South CArolina	776,643	833,558	833,558

State or Outlying Area	1978 1/ Actual	1979 2/ Appropriation	1980 2/ Estimate
South Dakota	172,868	218,423	218,423
Tennessee	1,019,343	1,256,954	1,256,954
Texas	3,382,659	4,252,836	4,252,836
Utah	466,475	573,991	573,991
Vermont	153,822	189,015	189,015
Virginia	1,309,953	1,679,217	1,679,217
Washington	1,246,658	1,792,359	1,792,359
West Virginia	423,622	550,339	550,339
Wisconsin	1,350,236	1,638,188	1,638,188
Wyoming	97,353	129,048	129,048
District of Columbia	463,884	568,964	568,964
Outlying areas			
American Samoa	3,629	7,125	7,125
Guam	20,015	27,777	27,777
Puerto Rico	580,146	791,320	791,320
Trust Territories	2,426	1,976	1,976
Virgin Islands	10,950	13,553	13,553
Mariana Islands	1,335	—	—

1/ Actual obligations.

2/ Estimated distribution of $76,750,000 on the basis of total enrollment in institutions of higher education, including proprietary schools. (Fall 1977)

THURSDAY, MARCH 29, 1979.

STUDENT LOAN INSURANCE FUND

WITNESSES

LEO KORNFELD, DEPUTY COMMISSIONER FOR STUDENT FINANCIAL ASSISTANCE
PETER VOIGT, DIRECTOR, DIVISION OF POLICY AND PROGRAM DEVELOPMENT
DAVID C. BAYER, ACTING CHIEF, GUARANTEED STUDENT LOAN BRANCH
MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION DESIGNATE
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

STUDENT LOAN INSURANCE FUND

Mr. NATCHER. We now take up the Student Loan Insurance Fund.

We have your statement, Mr. Kornfeld, which is an excellent statement. We will insert it in the record at this point and we will start with our questions.

[The statement follows:]

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BIOGRAPHICAL SKETCH

Name: Leo L. Kornfeld

Position: Deputy Commissioner for Student
Financial Assistance, Office of Education

Birthplace & Date: Brooklyn, New York
October 31, 1922

Education: Bachelor of Science in Mathematics, Univ. of Michigan-1944
Bachelor's and Master's degrees in Engineering - Georgia Tech
Attended Harvard Business School Special Programs

Experience:

Present: Deputy Commissioner for Student
Financial Assistance, Office of Education

1972-77 Corporate Vice President of
Automatic Data Processing
Clifton, New Jersey

1966-72 Senior Vice President of
Cresap, McCormick & Paget
New York, New York

1957-69 Associate, Cresap, McCormick, and Paget
New York, New York

1944-57 U.S. Navy

Other Experience

Education Consultant for the past 19 years, working with many of the Nation's leading colleges and universities.

Served as an advisor to the World Bank, concentrating on education and health services in Ethiopia.

Worked with the Harvard Business School on U.S. aid training programs for Southeast Asian countries.

Designed and assisted in implementation of a more effective computer system for administrative recordkeeping for the University of Minnesota.

Served as a consultant on the New York City School System's decentralization.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by

Deputy Commissioner for Student Financial Assistance

on

Student Loan Insurance Fund

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to present our fiscal year 1980 budget request for the Student Loan Insurance Fund. The $959,621,000 requested for guaranteed loans will continue to support the Administration's goal to expand access to postsecondary education for all students and will be used to carry out provisions of the Middle Income Assistance Act of 1978. The Act liberalized the program to provide that any student, regardless of family income, is automatically eligible for a seven percent Federal subsidy.

The Guaranteed Student Loan program is one of the major forms of financial assistance to students designed to assist in removing financial barriers to postsecondary education by providing access to low-cost interest loans and loan insurance. The program enables students to borrow from commercial and other lenders to help pay for the cost of education and training. Loans are either guaranteed by State or private nonprofit agencies or insured by the Federal government.

This program continues as an important element of the student financial aid package. I am pleased to report that in fiscal year 1980 this program will serve over one million students and that by the end of fiscal year 1980 over $17.8 billion in loan disbursements will have been made.

An estimated $2.5 billion of these disbursements will have occurred in 1980 alone. Approximately $8.9 billion of total loans disbursed will be outstanding and held by nearly 16,000 lenders. Students receiving Guaranteed loans are enrolled in over 8,100 universities, colleges, and vocational schools.

Over the past year, the Federal program has reduced its loans in defaults by $30 million -- from over 400,000 loans totaling $430 million to less than 350,000 loans totaling just over $400 million in January, 1979. The Federal program default rate also has been cut sharply from about 13 percent at the end of 1977 to approximately ten percent currently. This latter rate reflects adjustments made for amounts collected, defaulted loans converted to repayment status or written off. In 1980 we are predicting that the default rate will decrease to nine percent under the Federal program.

Federal collections on defaulted loans are expected to total $50 million in 1980, compared to an estimated $30 million in 1979, and $16 million in 1978. Our regional offices have reported Federal collections this year of $10.5 million which are almost three times what they were during the same period in fiscal year 1978 and more than the total amount collected during fiscal year 1977. To test the feasibility of collections by private agencies, we have awarded contracts to private collection agencies in our Atlanta and San Francisco regions. These private agencies are expected to collect $4.9 million in 1979 and $12.2 million in 1980. In addition, we are improving our pre-claims assistance services which will reduce defaults by providing early identification of delinquent or unlocatable borrowers.

The total obligational costs in fiscal year 1980 for this program are estimated at $1,037,127,000, compared to $1,023,768,000 in 1979. These costs will be met through the use of an appropriation of $959,621,000 and through default collections and other receipts totaling $77,506,000.

The request includes $165,997,000 for default payments This amount, along with receipts of $77,506,000, will support total obligational costs associated with defaults of $243,503,000. These costs include $10.5 million in collections on federally defaulted loans to be transferred to the Salaries and Expenses account for related collection activities.

The requested appropriation for interest subsidies and related costs will support obligations totaling $793,624,000. These obligations include $357,987,000 for interest payments for loans for students currently in school, $377,782,000 for a special allowance rate of 4.25 percent on outstanding loans, $6,748,000 for death and disability claims, and $11,883,000 for bankruptcy cases.

In accordance with the Education Amendments of 1976, $16,204,000 is requested for advances to State agencies which must be used to encourage States to establish adequate loan insurance programs. Since the passage of these amendments, thirteen (13) more States have established agencies bringing the total to 39, including United Student Aid Funds (USAF) which serve as an agency for eight of the participating States. Our request also includes $11,990,000 for administrative allowances to guarantee agencies. This amount, authorized at the rate of one-half of one percent on new loans insured each fiscal year, must be used to promote lender participation, pre-claims assistance, and collection costs in the program. In addition, we are requesting $11,030,000 for the supplemental administrative allowances, authorized at the same rate, which will be paid to guarantee agencies that adopt policies paralleled with the Federal program. These allowances also must be used for administrative expenses.

This concludes my statement. I shall be pleased to answer any questions.

EFFECT OF MIDDLE INCOME ASSISTANCE ACT

Mr. Natcher. As you know, the Middle Income Student Assistance Act enacted last year made extensive changes in the Guaranteed Loan program.

If you will, describe the cost effect of that legislation on budget requirements for 1980. Briefly, how does it affect it, Mr. Kornfeld?

Mr. Kornfeld. Since that program is just being launched, we came up with our best estimate as to how many loans will be provided under the new law. We don't really know the true effects, so we came up with our best estimate trying to keep in consideration the fact that the loan capital availability is still a big problem for this particular program.

The special allowance rate in this program, as you know, is a moving rate. For example, this quarter the total rate of return that banks will be getting on this program will be 13¼ percent, which includes a 6¼ percent special allowance rate. So we try to take those kinds of considerations into account in putting together these estimates that we are submitting.

Mr. Natcher. Now, generally, what about the participation of the middle income students in the loan program, generally speaking?

Mr. Kornfeld. We don't have any data on it because, as you know, we are not required to ask for income information. We do know that the loan volume has increased since the middle income bill passed, and we have to assume that a good part of that increase came about because of the middle income bill.

Our estimate right now is that the loan volume since November 1, when the President signed that bill, is running at about 30 percent higher this time of the year as compared to last year.

Mr. Natcher. Do you have an estimate of the number of middle income students applying for a guaranteed loan?

Mr. Kornfeld. No.

Mr. Natcher. Do you have any figures at all?

Mr. Kornfeld. We do not have and I don't think we will be able to get any, Mr. Chairman, because we do not ask for income information on loan applications anymore.

Mr. Natcher. Do you think participation of middle income students will cause a reduction in participation of low income students?

Mr. Kornfeld. We are very concerned about that, Mr. Chairman. If the lenders do not increase their loan capital there might very well be a tendency for them to provide those loans more to the middle income or higher income person rather than the low income. We think that this would not be in the best interests of the program.

ESTIMATED 1980 BUDGET REQUIREMENTS

Mr. Natcher. For many years there has been difficulty in estimating budget requirements for the Guaranteed Loan program. How do you feel about this estimate for 1980?

Mr. Kornfeld. We think it's a good estimate, but again you know the kind of problem we have in this program. There are two variables that are very difficult to come up with with any degree of specificity.

One is the number of students who are, in fact, going to take loans, and the other is the special allowance rate. Approximately forty percent of the total budget in this particular program is for special allowance payments and the special allowance rate, as you know, gets changed every quarter based on the 91-day Treasury bill rate.

COSTS OF THE GUARANTEED STUDENT LOAN PROGRAM

Mr. NATCHER. As you know, a recent analysis of the Federal Student Loan programs shows that it costs the Federal Government 41 cents to lend a dollar under the Guaranteed Student Loan program. These costs include administration, subsidies and defaults.

Has your office made any analysis along this line, Mr. Kornfeld?

Mr. KORNFELD. We are also concerned about the cost of the program, and the first point is that about 76 percent of the cost is for interest subsidies.

This includes a 7 percent flat rate of interest plus the special allowance rate, which is dependent upon Treasury bills. As I mentioned before, the total rate of return to lenders will be 13¼ percent as of April 1, 1979.

In our reauthorization efforts we are looking at ways that this program could be run more effectively than it has been in the past and trying to figure out different ways, and, hopefully, we will be able to come up with recommendations to the Congress as to how we can run this program at a lower cost.

SPECIAL ALLOWANCE RATE

Mr. NATCHER. What is the effect on lender participation of the 5 percent ceiling on the special allowance rate?

Mr. KORNFELD. We are concerned about that because, again, with the prime rate at 11½ percent and as long as that 5 percent limit stays, that means that the total income that lenders will get is almost equal to the prime rate, which would make their participation a disadvantage.

What makes the problem more serious is that, as you know, it's a rolling four quarters. Although we are paying the 13¼ percent, which is more than 5 percent this particular quarter, we now will have to reduce that rate the next quarter. If something does not occur, next quarter we will have to reduce that interest rate to 4 percent, because the rolling four quarters can never exceed the 5 percent. This means that at the very time when our need is greatest, we will be paying a rate that is lower than the prime rate, which will be to the disadvantage of the program.

Mr. NATCHER. Are you requesting legislation to increase the special allowance rate?

Mr. KORNFELD. We are discussing proposed legislation with OMB.

DEFAULT RATE

Mr. NATCHER. Describe briefly now, if you will, Mr. Kornfeld, the proposed change in the definition of default rate. Briefly, what do we have now as far as change in definition?

Mr. KORNFELD. The definitions we are using, and we are using them consistently in all of the programs, for defaults, involve two rates: one is a default claim rate which reflects is the rate that lenders turn over default claims to the Federal Government, and the other is a true default rate. A true default rate, in our opinion, is a rate which calculates those loans for those students who are still in default.

For example, if a borrower is in default and then gets back into repayment, we feel that that student is no longer in default and, therefore, is excluded from the calculation. Also, excluded are amounts collected, written off, or turned over for litigation

Mr. **Natcher**. Do you have enough basic data to compute this new default rate, particularly for the State Guaranteed Agencies?

Mr. **Kornfeld**. In our opinion the State Guaranteed Agency numbers are very shaky. However, we are working on that problem. The Federal numbers in the past were shaky, but we now feel, in the last year or so, that these numbers have become reasonably accurate. Therefore if you take the same definition, which is more important when one talks about default rate, it has to at least be applied on consistent definition.

If you take the same definition one year ago, the Federal default rate was about 14 percent and today it's less than 10 pecent.

Mr. **Natcher**. Cumulative matured loans total $12.5 billion. How much of that amount is in default?

Mr. **Kornfeld**. In default to the Federal Government right now, there are still about 300,000 loans which is about $350 million in default. We feel, as Secretary Califano said, by the time President Carter completes his first term of office we will no longer have to talk about numbers of that consequence.

EFFECT OF NEW BANKRUPTCY LAW

Mr. **Natcher**. How will the recently enacted uniform law on bankruptcy, which as you know is Public Law 95-498, affect the Guaranteed Loan programs?

Mr. **Kornfeld**. It affects it negatively in our opinion, because it provides a window now that in the past persons were not able to apply to the program.

Mr. **Natcher**. Mr. Pursell?

BANKRUPTCY COSTS

Mr. **Pursell**. Thank you, Mr. Chairman.

Your estimates of bankruptcy cost is $11.8 million; is that correct?

Ms. **Beebe**. Correct.

Mr. **Pursell**. Is that an accurate figure as relates to the percentage of the default rate from 13 to 10 percent and you are predicting 9 percent?

Mr. **Kornfeld**. No. When we talk about default, the bankruptcy proceedings do not get into the calculation. At one time, up until last Congress, when the program was originally initiated, you could include your guaranteed loan as part of the bankruptcy proceedings. Then the law was amended which excluded that and we had that law for a few years.

Then we went back again to the original law until in October 1979 where a student now again can include some guaranteed loans as part of the bankruptcy proceedings. Now in accordance with the new bankruptcy act, students may include loans held by non-governmental units as a part of their bankruptcy proceedings.

Mr. **Pursell.** Does that increase the number of bankruptcy cases?

Mr. **Kornfeld.** I don't have specific numbers yet at this point. However, most guaranteed student loans are held by non-governmental units.

Mr. **Pursell.** Would you produce for the committee the rate of bankruptcies and the history of that chronologically for us?

Mr. **Kornfeld.** Yes.

[The information follows:]

The number and dollar amount of bankruptcy claims paid for fiscal years 1975-1978 for the Guarantee Student Loan Program are shown below:

Bankruptcy claims paid	FY 1975	FY 1976	FY 1977	FY 1978
Dollar amount	8,000,000	12,000,000	11,000,000	10,000,000
Number	4,000	8,000	6,000	5,000
Percent increase in number over prior year	---	100%	-25%	-17%

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FINANCIAL AID PROGRAMS

Mr. **Pursell**. I have a statement made here by Jack Shingleton, who is head of placement at an outstanding university in Michigan called Michigan State, who commented here——

Mr. **Kornfeld**. They have a good basketball team.

Mr. **Pursell**. Briefly talking about the cost-benefit ratio to Mr. Early's question, he says, and I am not trying to take this out of context, I am going to supply a complete statement for your response later, but talking about the cost of administering these programs he says:

> The credibility of financial aid programs suffers greatly when placed on a cost-benefit ratio. It took our university—Michigan State University—approximately 6,000 financial aid students being processed by 40 university employees. This compares with the 15,000 non-financial aid and 2,000 work-study students who are processed by only 6 employees.

He draws a comparison, and the thrust of his remarks are principally that we ought to move our emphasis towards a work-study effort, and I submit I think it makes good national policy to be considering that and working with the respective universities.

Mr. **Kornfeld**. We agree with you. In our reauthorization program we are looking very seriously at strengthening the entire work component of this package. We think, as Dr. Berry mentioned earlier, that the program is a good program, and it should be much better. We are looking at that as part of the reauthorization package.

One point one has to make, picking up on both your comment and Mr. Early's comment, it's sort of interesting and perhaps somewhat alarming, the fact that during the same period we are talking about that the Federal Government, with all its built-in inefficiencies, has reduced the default rate from 14 percent to less than 10 percent while during the same period, the same year, those loan programs administered by institutions increased the default rate.

The default rate for the NDSL program went from 16 percent to 17 percent. We are now sitting with 800,000 students in default at these institutions for $700 million, and that is why I repeat again that one cannot make a universal statement that decentralization is always the best way to run everything; certain things, certainly, and other things not.

As you know, as Secretary Califano announced last month, we have already taken steps this year in the program and next year we intend to take much more intensive steps to see to it that that program is run much more effectively than it has been in the past.

Mr. **Pursell**. Do you think you are getting good cooperation from the majority of universities and community colleges?

Mr. **Kornfeld**. We have our problems, but we are getting cooperation.

Mr. **Pursell**. If you were suggesting to the committee any particular model across the country in any respective States, could you name one?

Mr. **Kornfeld**. No; I cannot name one, and I dare not name one. But, as you know, the information was published as to default rates by State and it shows certain States are doing very poorly and others are doing better.

Mr. **Pursell**. It just points up our earlier comments about the single greatest issue on the campuses today are economic costs.

I don't have anything else. I guess we all understand that now. Thank you.

Mr. **Natcher**. Mr. Early?

LOAN AVAILABILITY

Mr. **Early**. Mr. Kornfeld, your opening remarks on the Student Loan program was that there are tendencies for the banks and private lenders to just give it to high incomes. Now, Secretary Califano came before us and said the same thing about the loan availability of the GSL.

He said in addition commercial lenders put arbitrary limits on loan amounts and many discriminate against students that are poor risks, just what you said.

We have been saying that for four years, and it has not improved at all. No matter what we do in this program, the banks are not going to lend it to the people we have talked about getting it to.

Now, why should we keep chasing more money after bad money? These programs don't work. It works in theory, but not in reality.

Mr. **Kornfeld**. As you also know, in those comments Secretary Califano made he also said that although we are happy basically with all of the programs, although certainly they all can be improved, the one program that the Administration is unhappy about is the loan program.

We are unhappy about that loan program because of its complexity, lack of loan availability to the right persons, and cost. Secretary Califano's statement goes on to say that we intend to come up with a program we think will resolve most of those issues.

Mr. **Early**. My constituents say we have been unhappy about it for years, and we have not done anything to change it. The poor kid still cannot get a loan.

Mr. **Kornfeld**. We have only been here two years.

Mr. **Early**. You have only been here two, but the ones before you said the same thing.

LOAN COSTS TO THE FEDERAL GOVERNMENT

Mr. Natcher said 41 cents in every dollar, no matter what it is, and Mr. Califano's statement says recent interest rates on a $1,000 GSL will cost the Federal Government over the life of the loan about $700. We identify that problem each year, and then we do the same thing.

Mr. **Kornfeld**. Well, of course, we are following the statute that Congress passed, as you know.

Mr. **Early**. I am not putting all of the blame on you; give us our share; give us more than our share, but we won't change anything.

Mr. **Kornfeld**. This year we will have a proposal we think will address some of this. Finally, we will have one.

Mr. **Early**. You tell us every year, it's like a record, you told us this last year.

Mr. **Kornfeld**. You have to give us a little credit, Mr. Early.

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PROBLEMS WITH LOAN PROGRAMS

Mr. Early. I give very little. Not for this type of program. For the BEOGs and others I will give you a lot, but in this program we are doing the same thing, Mr. Kornfeld, and until you take away the money, you don't correct the inequity.

Mr. Kornfeld. That's exactly our approach to it. I mentioned before we already took some steps in the NDSL program and 40 percent of the schools are getting less money, we think, since the default rate increased. We are still not satisfied; we are saying that is not enough, and we already notified the institutions. Mr. Califano sent out a letter to each of the institutions, notifying them we are coming up with specific performance standards and if the institution does not meet these standards next year they are going to get zero, and we have already taken step one.

We are going to take step two.

Mr. Early. Next year never seems to come. Every time I have heard about the Guaranteed Student Loan program it's the reservation that the privates won't do what we intend, and that is just what they do.

Then do you think it's going to be any different this year, Mr. Kornfeld?

Mr. Kornfeld. No; we are trying very hard, and it's not very encouraging. Lenders have their own needs and it's hard, except by coercing and talking to them, to get them to do more in this program. We think we are coming up with ideas, however. We have preliminary ideas where we think we can resolve the problem.

Mr. Early. Private lenders only have one goal and that is profit-making.

Mr. Kornfeld. Absolutely.

Mr. Early. And we try to go down the road with this and it does not work.

Thank you, Mr. Chairman.

Mr. Kornfeld. I think you will be happy, Mr. Early, with our recommendations on that program, because we share the same concern and we want to correct that problem, and we think talking will not correct it and promises will not correct it.

The only thing that will correct it will be a program that has major differences from the present program.

Ms. Beebe. I wonder if I could put a positive note in here? This program has grown from 300,000 loans in the first year of the program to over one million loans in 1978. The 1980 budget will make over $2 billion available to 1.1 million students to attend postsecondary institutions. It's not running as well as we would like, but I think those are pretty fantastic statistics on the numbers of students we are reaching.

Mr. Early. Those are interesting, as far as you know, it's so high. But wouldn't we be better off letting the banks and private lenders not make the money where it costs us $700 for each now, and give it to the kids?

Those numbers are very impressive. We are getting it out there, but the banks are getting awful rich.

Thank you.

[The following questions were submitted to be answered for the record:]

DEFAULT REDUCTION PRE-CLAIM SERVICES

Mr. NATCHER. What steps are you taking to provide pre-claim services to lenders in order to keep loans from going into default?

Mr. KORNFELD. The Office of Education currently has only two methods available for the location of borrowers via pre-claim assistance. The first is a series of computer generated letters on BSFA letterhead to the last known address of the borrower or relative. The second is a postal trace card to the postmaster, at the Post Office of the last known address.

The possibility of the use of other address sources is being pursued at this time. Among these are the Internal Revenue Service, Taxpayer Address Request Program, Credit Bureaus, and the Department of Motor Vehicles of various States.

We have been advised by the IRS that as a result of the Tax Reform Act of 1976, the Office of Education may not use the Taxpayer Address Request Program to request addresses for borrowers for which the Office of Education has not paid an insurance claim. This ruling is being appealed to the General Counsel of the Internal Revenue Service. We are also considering an amendment to the Tax Reform Act of 1976 to allow the Office of Education the use of the Taxpayer Address Request Program to use in the recovery of monies owned the U.S. under all Title IV financial aid programs.

We are currently proposing to negotiate a contract with a Credit Bureau for their assistance in locating borrowers. This is being reviewed by the Under Secretary's office and we anticipate approval soon. Requests for address information from the Motor Vehicle Departments of the States will be handled as a portion of the Credit Bureau contract.

STATUS OF STATES WITHOUT GUARANTEE AGENCIES

Mr. NATCHER. What States do not have a State guarantee agency? Why haven't these States established a guarantee agency?

Mr. KORNFELD. The following States do not have a State guarantee agency or a private non-profit agency currently insuring student loans: Alabama, Arizona, Colorado, District of Columbia, Hawaii, Mississippi, Missouri, Montana, Nebraska, North Dakota, Texas, Washington, West Virginia, Wyoming, and Puerto Rico.

Each of the above States, with the exception of Wyoming, is still in the time consuming process of establishing a student loan insurance program. Missouri and Washington will sign agreements with the Office of Education in the very near future. In Alabama, Arizona, Colorado, North Dakota, and Texas, legislation is pending. The District of Columbia, Hawaii, Mississippi, West Virginia, and Puerto Rico are still studying the possibilities open to them. In Wyoming, the governor has decided not to create a State agency since Wyoming has no significant problem relative to student loans at this time.

FEDERAL ROLE IN DISTRICT OF COLUMBIA ASSURED ACCESS LOAN PROGRAM

Mr. NATCHER. What is the Federal role in the guaranteed loan program operating in the District of Columbia? In effect, then, the Federal Government is acting as a direct lender? Is this a unique situation, or will the Federal Government take similar action in other areas of the country?

Mr. KORNFELD. Until June 1976, the Guaranteed Student Loan program (GSLP) in the District of Columbia was administered by the city government. Under the D.C. program, loans were made by a consortium of commercial banks in the District who pooled their funds. The Consortium made loans to students. Because of the financial inability of the D.C. government to pay default claims, the Consortium ceased making any more loans.

In 1978, the Consortium agreed to resume making student loans under the Federally Insured phase of the GSL program (FISLP). They allocated $5 million for the 1978-79 school year, of which $1 million was set aside for first time borrowers and $4 million for repeat borrowers. Because no new loans had been made by the Consortium for the preceeding two years there was very little demand from repeat borrowers. The $1 million allocated for new borrowers was quickly utilized and the Consortium refused to reallocate any of the funds reserved for repeat borrowers. Thus, by mid-summer of 1978 there was again a lack of accessibility in the District of Columbia.

This problem was addressed by the Bureau of Student Financial Assistance (BSFA) and the Student Loan Marketing Association (SLMA), a government sponsored private corporation which serves as a secondary market for the GSL program. Because loan accessibility is a major objective of BSFA, it was decided that unless we could assure loans in our own backyard, we could not hope to meet this objective elsewhere.

A plan was developed whereby Office of Education personnel would perform all aspects of the loan process normally performed by the lender except the issuance of the loan check. This includes interviewing prospective borrowers, determining student eligibility, determining the loan amount, and completing the necessary paperwork for loan approval. The applications are then sent to the Student Loan Processing Center in Norfolk, Virginia for both physical edit and computer verification of the loan. Once a loan commitment has been issued by Norfolk, the loan documents are forwarded to a national bank in Washington, which issues the check. Once the loan has been disbursed, SLMA purchases the loan and will service the loan through one of its contract servicing agents.

Any student who is a resident of the District of Columbia, regardless of where he or she attends school, is eligible. In addition, nonresident students attending school within the District may also apply. If the student is eligible, he or she is assured of receiving a loan.

This unique program was announced by a press conference on September 14, 1978. Operations began shortly thereafter. Through the end of February, 1979, 3,303 loans have been approved for $8,420,868. Of these, 1,934 were to undergraduate students; 1,369 to graduate students. While the majority of these loans were approved for students attending schools within the District of Columbia, these totals reflect loans for use in 314 schools.

The Federal government does not act as a direct lender in the D.C. Assured Access Loan program, in that it does not disburse the loan. However, as mentioned above, all other aspects of the loan process normally performed by the lender, are performed by Office of Education personnel.

The Office of Education has strongly been uging the guarantee agencies to develop a program of loan certainty for those students who need loans. Some States have already done so. Most agencies are working toward this objective. As it is subsequently determined that there are loan access problems in a given State and the guarantee agency is unable to resolve that problem, the Office of Education will consider alternative means of improving loan access. This may or may not take the form of the approach used in the District of Columbia.

RESOLUTION OF PROBLEMS REGARDING ACCOUNTABILITY OF DATA

Mr. **NATCHER**. A recently issued GAO report noted that since 1968, the Office of Education's accounting computer systems have failed to provide accurate financial and operational data on the Guaranteed Loan program. What is your office doing to resolve this problem?

Mr. **KORNFELD**. The Bureau of Student Financial Assistance has acted on the GAO Audit recommendations pertaining to its financial records. Although a new prime computer contract was to have been awarded, the Bureau is developing corrective measures using the present system and allowing for the possible transition from the current computer contractor, On-Line Systems, to another data processing facility. As of January 31, 1979 a "Proposed Management Reporting Subsystem" document was completed. This document specifically addressed seven of the GAO's concerns. They are: the need to maintain subsidiary records; recording and reporting of accrued interest receivable; records of insurance premiums receivable; records of defaulted loans receivable; the problem of loss rate estimation; control of interest benefits and special allowances; and problems with the insurance premiums receivable.

The improvement of our financial accountability is a long-term undertaking to which the Bureau and Department have committed themselves. Already, full-time personnel have been assigned at the Bureau of Student Financial Assistance and the bureau's prime contractor. The Office of Education's Office of Finance has also assigned an individual to work with the bureau on this project.

A further task is underway to generate operational guidelines and develop program specifications. These are expected to be issued soon. Their implementation will follow thereafter.

9.1

IMPLEMENTATION OF AUTOMATED SYSTEM

Mr. NATCHER. In May 1975, the Department stated that by June 1977, a new automated system would be able to provide accurate information for the Guaranteed Loan programs financial statements. Has the new system been implemented?

Mr. KORNFELD. The referenced system is the On-Line System program which has been the operating system for GSL since February 1976. It has been in a state of continual expansion and improvement since that time. The financial subsystem accounting portion has not yet been implemented to the Bureau's complete satisfaction.

The current contract with On-Line Systems will expire September 30, 1979. The Bureau has embarked upon a new, fair, and open competition to select a successor contractor to continue to provide the automated data processing services for the program.

The new system is expected to be in full operation by October 1, 1979 and will include the financial accounting portion. This will increase the accuracy of all files and records.

COMPUTER SYSTEM PROBLEMS

Mr. NATCHER. Since 1967 approximately $50 million has been obligated for computer support systems; however, it is our understanding that the Office of Education does not have a complete and accurate list of all federally insured loans. What are the major problems with the computer systems?

Mr. KORNFELD. We have confidence that the Loan Control Master File, which contains our listing of federally insured loans, exceeds 90 percent accuracy for operational purposes for federally insured loans.

We do experience problems in responding to certain statistical requests because of a lack of a desired level of interactivity between several of our computer subsystems. It is anticipated that the new system will make the files more interactive as well as increase their accuracy.

Many of the past problems with the computer system, such as the timeliness of our access to the data, the accuracy of the data, and the accountability of the data have, to a great extent, been rectified and will continue to undergo further improvements under our new system.

FEDERAL EMPLOYEE DEFAULTERS

Mr. NATCHER. We understand that about 7,000 Federal employees have defaulted on their guaranteed loans. What action has been taken against the employees and presently how many are making payments on their loans?

Mr. KORNFELD. Of the 6,917 Federal civilian employees who have defaulted on their guaranteed loans, 317 were Department of Health, Education, and Welfare employees who had been identified previously in a pilot test. All of these accounts for individuals still working in the Department have been resolved. As to the remaining 6,600 employees, excellent progress is being made as reflected in the following table.

GSL PROGRAM STATISTICS OF FEDERAL DEFAULTERS

	Secretary testimony July 25, 1978	Period ending—			
		Dec. 10, 1978	Jan. 21, 1979	Feb. 25, 1979	Apr. 1, 1979
Paid in full	172	443	517	558	613
Other completions	69	101	106	113	127
Write off	181	299	312	309	324
In repayment/promise to pay	540	2,782	2,859	2,908	2,937
Litigation	32	68	68	72	174
No longer Government		1,503	1,638	1,655	1,872
Losses/never paid	5,606	1,404	1,100	985	553
Total Federal defaulters	6,600	6,600	6,600	6,600	6,600

Mr. NATCHER. What efforts are being made to locate student loan defaulters? How many default cases have been turned over to the Department of Justice?

Mr. KORNFELD. The Office of Education's efforts to locate student loan defaulters are outlined in the answer to your question on our pre-claim services.

As of March 31, 1979, 5,696 accounts have been turned over to the Department of Justice for litigation.

STATUS OF THE COLLECTION CONTRACTS

Mr. NATCHER. The Education Amendments of 1976 gave the Office of Education authority to use private collection agencies. What is the current status of the use of collection agencies?

Mr. KORNFELD. The use of private collection agencies began January 29, 1979. The Office of Education awarded contracts to two private collection organizations to assist in the collection of defaulted Federally Insured Student Loans. The contract in the Atlanta Regional Office was awarded to Financial Collection Agencies and the contract in our San Francisco office was awarded to Payco American Corporation.

The Collection Contracts are on an experimental basis for one year in the two regional offices. At the end of that period, the Office of Education will determine whether or not to extend the contracts, based upon the Inspector General's review. During the first year, up to 100,000 accounts with an estimated value of $106 million will be referred to the contractors.

COLLECTION CONTRACT COMMISSION RATES AND ACCOUNT SELECTION

Mr. NATCHER. What percentage of collections will the private agencies be allowed to keep? What will prevent the collection agencies from pursuing only those student defalters who are easy to locate and willing to repay their loans?

Mr. KORNFELD. Financial Collection Agencies, the contractor in the Atlanta Regional Office, will keep 27 percent of all monies collected. Payco American Corporation, the contractor in the San Francisco Regional Office will keep 37.4 percent of all monies collected. There are two factors which prevent the collection contractors from pursuing only those student defaulters who are easy to locate and willing to repay thier loans.

First, the contract stipulates that the contractors must perform specific action steps within a set timeframe in attempting to collect on an Office of Education account. The Office of Education will review selected accounts on a daily basis to verify that the contractors are in compliance with the contratural agreement.

Second, one of the provisions under the contract requires the contractors to indicate the percentage of accounts that they estimate they would be able to convert into repayment status within 180 days after receipt of an account from the Office of Education.

The contract further states that the contractor is expected to meet and maintain its proposed percentage cured rate and that the contractors will be monitored for this performance. Failure of the contractors to achieve and/or maintain the rate shall be cause for termination for default pursuant to Article 24, Default General Provision Form HEW-314.

[The justification submitted by the Department follows:]

9.6

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Student Loan Insurance Fund

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Appropriation Estimate

Student Loan Insurance Fund

For necessary expenses under title IV, part B of the Higher Education Act, [and to the extent not otherwise provided, the General Education Provisions Act $714,314,000]1/ $959,621,000, to remain available until expended[: Provided, That the Commissioner is authorized to issue to the Secretary of the Treasury notes or other obligations, in an amount not to exceed a total of $25,000,000 without fiscal year limitation, to maintain the adequacy of the fund, but only with respect to payments authorized under section 431 of the Higher Education Act]. 2/

Explanation of Language Changes

1/ Language relating to the General Education Provisions Act for System Operation (computer service) is deleted and included under the Student Assistance account.

2/ Borrowing authority is deleted since previously authorized amounts will remain available to support any unanticipated costs.

Amounts Available for Obligation

	1979	1980
Appropriation	$ 714,314,000	$ 959,621,000
Borrowing authority	25,000,000	—
Proposed supplemental	243,189,000	—
Comparative transfer to Student Assistance for system operation cost (computer service)	- 12,473,000	—
Subtotal, budget authority	$ 970,030,000	$ 959,621,000
Receipts:		
Insurance premiums	1,122,000	1,100,000
Loans repaid	47,659,000	76,406,000
Unobligated balance, start of year:		
Fund balance	30,157,000	—
Borrowing authority	40,000,000	65,000,000
Unobligated balance, end of year:		
Fund balance	—	—
Borrowing authority	- 65,000,000	- 65,000,000
Total, obligations	$1,023,768,000	$1,037,127,000

Summary of Changes

1979 Estimated budget authority..	$970,030,000[1]
1980 Estimated budget authority..	959,621,000
Net change...	-$10,409,000

	1979 Base[1]	Change from Base
Increases:		
Built in:		
1. Increase in obligations on subsidies relating to:		
(a) Interest benefits.........	$314,138,000	+$43,829,000
(b) Increase in bankruptcy, death and disability claims.....................	16,564,000	+ 2,067,000
(c) Default activities........	235,745,000	+ 7,758,000
Program:		
1. Administrative cost allowances to guarantee agencies......................	22,202,000	+ 818,000
Total increases.........		+ 54,472,000
Decreases:		
Built in:		
1. Special allowances...........	389,584,000	- 11,802,000
Program:		
1. Advances to States' reserve funds.........................	45,515,000	- 29,311,000
Total decreases.........		- 41,113,000
Net change in obligations............		+ 13,359,000
Adjustments:		
Receipts.........................	- 48,581,000	- 28,925,000 [2]
Unobligated balance, start of year:		
Fund balance..................	- 30,157,000	+ 30,157,000
Authority to borrow............	- 60,000,000	- 25,000,000 [2]
Net change in budget authority...........		-$10,409,000

[1] Includes proposed supplemental of $243,189,000.

[2] Negative amounts included under adjustments represent increases.

Budget Authority by Activity

	1979 Estimate 1/	1980 Estimate	Increase or Decrease
1. Interest subsidies............	$ 760,395,000	$ 793,624,000	+$33,229,000
2. Student loan insurance:			
a. Borrowing authority.......	25,000,000	---	- 25,000,000
b. Federal insurance (defaults)...............	45,758,000	11,023,000	- 34,735,000
c. Federal reinsurance (defaults)...	138,877,000	154,974,000	+ 16,097,000
Total budget authority...	$ 970,030,000	$ 959,621,000	-$10,409,000

1/ Includes proposed supplemental of $243,189,000.

Obligations by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Interest subsidies...	$ 788,023,000	$ 793,624,000	+$ 5,601,000
2. Federal insurance program defaults.....................	84,359,000	74,279,000	- 10,080,000
3. Federal reinsurance program defaults.....................	151,386,000	169,224,000	+ 17,838,000
Total obligations.......	$1,023,768,000	$1,037,127,000	+$13,359,000

Budget Authority by Object

	1979 Estimate 1/	1980 Estimate	Increase or Decrease
Investments and loans.............	$ 229,522,000	$ 182,201,000	-$47,321,000
Grants, subsidies, contributions.	723,944,000	758,789,000	+ 34,845,000
Insurance claims and indemnities.	16,564,000	18,631,000	+ 2,067,000
Total budget authority by object......................	$ 970,030,000	$ 959,621,000	-$10,409,000

1/ Includes proposed supplemental of $243,189,000.

Obligations by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Other services..........................	$ 13,134,000	$ 16,011,000	+$ 2,877,000
Investments and loans...............	268,088,000	243,679,000	- 24,409,000
Grants, subsidies, contributions...	725,944,000	758,789,000	+ 32,845,000
Insurance claims and indemnities...	16,602,000	18,648,000	+ 2,046,000
Total obligations by object...	$1,023,768,000	$1,037,127,000	+$13,359,000

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Higher Education Act:				
1. Guaranteed student loan program (Title IV-B):				
a. Appropriation...........	Indefinite	$701,841,000	Indefinite	$959,621,000
b. Borrowing authority....	Indefinite	25,000,000	Indefinite	---
c. Proposed supplemental..	Indefinite	243,189,000	Indefinite	---
Unfunded Authorization:				
Institutional Allowance......	Indefinite	---	Indefinite	---
Total B.A......................		970,030,000		959,621,000

Student Loan Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$ 73,226,000	$ 73,226,000	$ 73,226,000	$ 73,226,000
1971	161,200,000	161,200,000	161,200,000	161,200,000
1972	209,365,000	209,365,000	209,365,000	209,365,000
1973	291,640,000	291,640,000	291,640,000	291,640,000
1974	398,668,000	398,668,000	398,668,000	398,668,000
1975	580,000,000	580,000,000	580,000,000	580,000,000
1976	653,787,000	653,787,000	653,787,000	653,787,000
Transition Quarter	154,000,000	154,000,000	154,000,000	154,000,000
1977	4[illegible]8,260,000	432,312,000	432,312,000	357,312,000
1977 Borrowing authority	15,000,000	---	---	---
1978	479,663,000	479,663,000	479,663,000	479,663,000
1978 Borrowing authority	25,000,000	40,000,000	40,000,000	40,000,000
1979	713,341,000	713,341,000	701,841,000	701,841,000
1979 Borrowing authority	25,000,000	25,000,000	25,000,000	25,000,000
Proposed Supplemental	243,189,000			
1980	959,621,000			

Justification

Student Loan Insurance Fund

	1979 Current Appropriation	1979 Revised Estimate	1980[1/] Estimate	Increase or Decrease
1. Interest subsidies..	$517,206,000	$ 760,395,000	$793,624,000	+$33,229,000
(Obligations).......	(544,834,000)	(788,023,000)	(793,624,000)	(+ 5,601,000)
2. Student loan insurance: (Defaults)				
a. Federal insurance program defaults...	45,758,000	45,758,000	11,023,000	- 34,735,000
(Obligations)...	(84,359,000)	(84,359,000	(74,279,000)	(- 10,080,000)
b. Federal reinsurance program defaults...	138,877,000	138,877,000	154,974,000	+ 16,097,000
(Obligations)...	(151,386,000)	(151,386,000)	(169,224,000)	(+ 17,838,000)
c. Borrowing authority.......	25,000,000	25,000,000	---	25,000,000
Total				
Borrowing authority.........	25,000,000	25,000,000	---	- 25,000,000
Appropriation.....	701,841,000	945,030,000	959,621,000	+ 16,591,000
Total budget authority.........	726,841,000	970,030,000	959,621,000	- 10,409,000
(Obligations).....	(780,579,000)	(1,023,768,000)	(1,037,127,000)	(+ 13,359,000)

1/ Indefinite authorization

General Statement

To assist students in meeting the cost of attendance at postsecondary institutions, a Guaranteed Student Loan Program is authorized under Title IV, Part B of the Higher Education Act to provide low-cost insured loans to student borrowers. Funds for this program are requested under the Student Loan Insurance Fund appropriation to provide interest subsidies, special allowances, payments in event of defaults, bankruptcy, death or disability of student borrowers, and administrative allowances to State and private, non-profit guarantee agencies that participate in the program. In addition, non-interest bearing advances are made to establish new guarantee agencies or to existing guarantee agencies reserve funds to encourage the expansion or strengthening of programs.

By the end of fiscal year 1980, the Guaranteed Student Loan program will have supported nearly $18 billion in loans to student borrowers. Of this amount, nearly six billion will have been directly insured by the Federal government and about 12 billion will have been guaranteed by State and non-profit private agencies and reinsured by the Federal government. Recent growth in new loan volume (from $1.8 billion in 1978 to $2.5 billion in 1980) is, in part, attributed to the recently enacted Middle Income Student Assistance Act. This Act eliminates the $25,000 family income ceiling as a requirement for interest subsidy and therefore, makes all students, regardless of income, eligible to receive a Federal subsidized guaranteed loans.

In fiscal year 1980 an appropriation of $959,621,000 is requested of which $165,997,000 is for costs relating to defaults under the loan insurance program and $793,624,000 is for interest payments, special allowance, incentive payments to guarantee agencies, and related costs. The following table reflects data on loans guaranteed during fiscal years 1979 and 1980.

	1979 Estimate	1980 Estimate
Loans guaranteed:		
Number of loans...........	1,126,000	1,143,000
Volume......	$2,250,000,000	$2,500,000,000
Average Loan.......... ..	$1,998	$2,187

Reduction in defaults continues to be a major concern of the Office of Education. Major efforts have been made to reduce defaults, to provide improved collections and pre-claim assistance to lenders and to provide a more accurate estimate of the nature of the problem. The traditional measure of defaults, lender claims percentage, is the total defaults experienced by the lender. This rate does not reflect claims brought into repayment through the collection efforts of the Federal government. A more precise measure of defaults is a net loss rate. This rate combines defaulted loans paid in full, defaulted loans in repayment status and other defaulted loans written off with lenders' default claims to provide the default percentage. Beginning with the 1980 budget request, the default rate utilized will be the net default rate. As of December 31, 1978, this default percentage was 10.2 and is projected to be 9.0 percent for 1980.

1. Interest Subsidies
(Higher Education Act, Title IV, Part B, Section 421 (b),(2),(4), & (5), Section 428 (e)(2), and Section 438(d))

	1979			
	Current Appropriation	Revised Estimate	1980 2/ Estimate	Increase or Decrease
Interest subsidies:				
Interest benefits:				
New disbursements.......	$ 81,026,000	$ 72,256 000	$ 82,337,000	+$10,081,000
Prior year disbursements.	195,737,000	241,902,000	275,650,000	+ 33,748,000
Subtotal, interest....	276,763,000	314,158,000	357,987,000	+ 43,829,000
Special allowance........	202,569,000	389,584,000	377,782,000	- 11,802,000
Death, disability and bankruptcy:				
Claims:				
Death and disability........	5,088,000	5,959,000	6,748,000	+ 789,000
Bankruptcy..................	3,018,000	10,605,000	11,883,000	+ 1,278,000
Subtotal, claims........	8,106,000	16,564,000	18,631,000	+ 2,067,000
Loan advances for reserve funds	39,193,000	45,515,000 1/	16,204,000	- 29,311,000
Program administrative grants:				
Administrative allowance....	9,673,000	11,522,000	11,990,000	+ 468,000
Supplemental administrative allowance.................	8,530,000	10,680,000	11,030,000	+ 350,000
Subtotal, administrative grants.............	18,203 000	22,202,000	23,020,000	+ 818,000
Obligations.................	564,834,000	788,023,000	793,624,000	+ 5,601,000
Unused approproations brought forward.......	- 27,628,000	- 27,628,000	---	+ 27,628,000
Unused appropriation end of year..............	---	---	---	---
Total, budget authority.	$517,206,000	$760,395,000	$793,624,000	+$33,229,000

1/ Includes $2,282,000 in loan advance funds appropriated in 1968 and remaining available until drawn by eligible States.

2/ Indefinite authorization

Purpose and method of operations

To assist students in financing educational costs at eligible postsecondary institutions that have signed agreements with the Commissioner, a program of guaranteed and subsidized student loans is proposed for further funding. The Guaranteed Student Loan program enables students to borrow from commercial and other lenders to help pay for the cost of education or training at over 8,120 eligible universities, colleges, and vocational schools. Loans are either guaranteed by State or private non-profit agencies or insured directly by the Federal government. Guaranteed loans are made to undergraduate, graduate and professional students who are enrolled on at least a half-time basis in eligible institutions.

About 16,000 commercial lenders have been approved by the Commissioner to participate in the program. Currently, State agencies as well as a relatively small number of educational institutions make loans.

Loans may be made for up to $2,500 per academic year for undergraduate and vocational students and $5,000 per academic year for graduate and professional students, although some States may limit these amounts. The total loan obligations for all academic years may not exceed $7,500 for undergraduate or vocational students and $15,000 for students who also borrow for graduate or professional study. The Federal government pays a seven percent interest subsidy on behalf of eligible students while they are in school, during a maximum 12-month grace period following graduate or withdrawal from school, and during authorized periods of deferment. In addition to the payment of an interest subsidy, a special allowance also is paid to the lenders on outstanding loans to provide a total equitable yield of up to 12 percent and to encourage their participation in the program. Effective with the quarter ending March 31, 1977, the special allowance authorized to be paid to lenders is determined by a formula. The rate is 3 1/2 percent less than the average bond equivalent rate for 91-day Treasury Bills auctioned during the quarter and rounded up to the nearest 1/8 of one percent. The annual rate currently may not exceed five percent.

Under provisions of the Middle Income Student Assistance Act (P.L. 95-566) effective November 1, 1978, all students, regardless of family income, are eligible for a subsidized guaranteed student loan. Previously, the program provided that only those students whose adjusted family income was less than $25,000 were eligible for the interest subsidy. However a few students with an adjusted family income of $25,000 or greater have received the subsidy if the schools determined that the families were unable to pay for the cost of education.

In the case of the borrower's death or total and permanent disability, the Federal government pays the outstanding principal and interest on loans made after December 15, 1968. The Federal government also pays the outstanding principal and interest on any loan when the borrower's debt is legally discharged in bankruptcy.

1980 budget policy

In fiscal year 1980 an appropriation of $793,624,000 is requested. This amount represents an increase of $33,229,000 over the 1979 request of $760,395,000. Of the total request, $357,987,000 is for interst subsidies; $377,782,000 for special allowance payments; $11,990,000 is for the administrative allowance to guarantee agencies, $11,030,000 is for the supplemental administrative allowance to guarantee agencies; $6,748,000 is for death and disability claims; $11,883,000 is for bankruptcy claims; and $16,204,000 is for advances to guarantee agency reserve funds.

Fiscal year 1980 interest payments will total $357,987,000 compared with $314,158,000 in 1979. Of this amount, $82,337,000 will support 1,143,000 new loans totaling $2.5 billion whereas $72,256,000 supported 1,126,000 loans totaling $2.25 billion in 1979. The remaining $275,650,000 will support $4.67 billion in loans made in prior years.

An estimated annual special allowance rate of 4.25 percent in fiscal year 1980 will bring the total yield on outstanding loans to 11.25 percent and will result in obligations totaling $377,782,000 compared with a five percent rate supporting obligations totaling $389,584,000 in 1979. The 4.25 special allowance rate will be paid on loans outstanding of approximately $9 billion, and reflects the projected decline in overall interest rates.

Death and disability claim payments are estimated at $6,748,000, an increase of 13 percent over the $5,959,000 payments in 1979. This increase is relatively consistent with the increase in program volume.

Bankruptcy claims are estimated to be $11,883,000 for 1980 compared with $10,605,000 in 1979.

This represents a 12 percent increase over 1979. The Uniform Law on the Subject of Bankruptcy (P.L. 95-598, enacted November 1, 1978) repealed the statutory provision in the GSLP regulation which generally prohibited GSLP loans from being discharged in bankruptcy during the first five years after the repayment period begins.

The Commissioner is authorized to provide for an administrative allowance and a supplemental administrative allowance to qualified guarantee agencies. The administrative allowance is estimated at $11,990,000 in fiscal year 1980, compared with $11,522,000 in 1979, and is equal to one-half of one percent of the total principal amount of new loans insured by the guarantee agency each fiscal year. The supplemental administrative allowance is estimated at $11,030,000 in fiscal year 1980 compared with $10,680,000 in 1979. This supplemental administrative allowance consists of an additional one half of one percent on new loans for agencies whose programs paralleled the Federal insurance program. The allowances must be used for program promotion, collection activities, and administrative costs.

Advances for reserve funds are estimated at $16,204,000 in fiscal year 1980 compared with $45,515,000 in 1979. Advances are made to guarantee agencies to encourage the States to expand their lending programs and/or to establish new guarantee agencies. All States are expected to have established quarantee agencies by the end of fiscal year 1980 resulting in a 14 percent increase in their share of the loan volume (from $1.98 billion to $2.26 billion).

The following three tables reflect data on the status of loans under the Guranteed Student Loan program:

Combined Guarantee Agency and Federal Loan Portfolios
(Dollars in Millions)

	FY 1978	FY 1979	FY 1980
Disbursements			
Start of period	$11,238	$13,092	$15,342
Current period	$ 1,854	$ 2,250	$ 2,500
End of period	$13,092	$15,342	$17,842
(Number - current period)	1,025	1,126	1,143
Cumulative payments & claims paid to lender	$ 6,267	$ 7,550	$ 8,953
Cumulative outstanding	$ 6,825	$ 7,792	$ 8,889
In repayment	$ 2,847	$ 3,123	$ 3,553
In school	$ 3,978	$ 4,669	$ 5,336
Percentage of outstanding loans still in school	58	60	60
Yearly matured loans	$ 1,364	$ 1,558	$ 1,833
Cumulative matured loans	$ 9,114	$10,672	$12,505

Federal Insured Loan Portfolio
(Dollars in Millions)

	FY 1978	FY 1979	FY 1980
Disbursements			
Start of period	$ 4,754	$ 5,171	$ 5,441
Current period	$ 417	$ 270	$ 244
End of period	$ 5,171	$ 5,441	$ 5,685
(Number - current period)	236	143	118
Cumulative payments & claims paid to lender	$ 2,776	$ 3,315	$ 3,827
Cumulative outstanding	$ 2,395	$ 2,126	$ 1,858
In repayment	$ 1,152	$ 1,093	$ 980
In school	$ 1,243	$ 1,033	$ 878
Percentage of outstanding loans still in school	52	49	47
Yearly matured loans	$ 519	$ 480	$ 399
Cumulative matured loans	$ 3,928	$ 4,408	$ 4,806

Guarantee Agency Loan Portfolio

(Dollars in Millions)

	FY 1978	FY 1979	FY 1980
Disbursements			
Start of period	$6,484	$7,921	$ 9,901
Current period	$1,437	$1,980	$ 2,256
End of period	$7,921	$9,901	$12,157
(Number - current period)	789	983	1,025
Cumulative payments & claims paid to lender	$3,491	$4,235	$ 5,126
Cumulative outstanding	$4,430	$5,666	$ 7,031
In repayment	$1,695	$2,030	$ 2,573
In school	$2,735	$3,636	$ 4,458
Percentage of outstanding loans still in school	62	64	63
Yearly matured loans	$ 845	$1,079	$ 1,434
Cumulative matured loans	$5,186	$6,265	$ 7,699

2. Student Loan Insurance (Defaults)
(Higher Education Act, Title IV, Part B, Section 421(b)(1), Section 431)

	FY 1979 Revised Estimate	FY 1980[2/] Estimate	Increase or Decrease
A. Federal insurance program:			
Obligations	$84,359,000	$74,279,000	-$10,080,000
Available receipts	-36,072,000	-63,256,000	- 27,184,0
Prior year authority Start of year	- 2,529,000	---	+ 2,529,000
Subtotal appropriation (Adjusted)	45,758,000	11,023,000	- 34,735,000
B. Federal reinsurance program:			
Obligations	151,386,000	169,224,000	+ 17,838,000
Available receipts	-12,509,000	-14,250,000	- 1,741,000
Prior year authority Start of year	---	---	---
Subtotal, appropriation (Adjusted)	138,877,000	154,974,000	+ 16,097,000
C. Borrowing authority	25,000,000	---	- 25,000,000
Total:			
Obligations	235,745,000	243,503,000	+ 7,758,000
Available receipts	-48,581,000	-77,506,000	- 28,925,000
Prior year authority Start of year	- 2,529,000	---	+ 2,529,000
Subtotal appropriation (Adjusted)	184,635,000	165,997,000	- 18,638,000
Borrowing authority	25,000,000	---	- 25,000,000
Total budget authority	$209,635,000	$165,997,000	-$43,638,000

2/ Indefinite authorization

Purpose and method of operations

To assist students in meeting the cost of attendance at postsecondary institutions, a Student Loan Insurance Fund was established under Title IV of the Higher Education Act for the Guaranteed Student Loan Program. This Fund enables the Commissioner to pay defaults from insurance premiums, defaulted loan repayments, other receipts, and from amounts appropriated for this purpose. Appropriations are made to cover default payments on both federally insured and federally reinsured loans.

1980 budget policy

To provide a program of loan insurance, an appropriation of $165,997,000 is requested for fiscal year 1980 compared with $184,635,000 in 1979. The requested $165,997,000 together with receipts of $77,506,000 will support an estimated

$243,503,000 in default claims and related costs. This increase of $7,758,000 above the estimated $235,745,000 in obligations for 1979, will be supported by increased collection efforts resulting from increased staff and effort of the contract collectors. A detailed explanation of this request is given in the sections following entitled: Federal Insured program, and Federal Reinsurance program.

The following table reflect cumulative claims and loss percentage for both programs.

Claim Status

(Dollars in Thousands)

	FY 1978	FY 1979	FY 1980
Federal Insured Student Loan Program:			
Cumulative matured loans	$3,928,000	$4,407,646	$4,806,394
Cumulative lenders claims	536,445	603,847	658,476
Adjustments for collection efforts 1/	-121,427	- 171,898	- 252,901
Subtotal, defaults	415,018	431,949	432,575
Cumulative bankruptcy claims	29,725	33,942	37,725
Cumulative death and disability	15,443	17,690	19,706
Cumulative net loss	460,186	483,581	490,006
Lender's claims percentage 2/	13.7	13.7	13.7
Adjustments for collection efforts 1/	- 3.2	- 3.9	- 4.7
Subtotal, default percentage 3/	10.5	9.8	9.0
Bankruptcy claims percentage	.8	.8	.8
Death and disability claims	.4	.4	.4
Net loss percentage	11.7	11.0	10.2
Guarantee agency program:			
Cumulative matured loans	5,186,000	6,264,551	7,698,589
Cumulative lenders' claims	468,056	619,422	788,641
Cumulative bankruptcy claims	22,040	28,434	36,540
Cumulative death & disability	16,925	20,668	25,412
Cumulative claims	507,021	668,524	850,593
Lenders' claims percentage	9.0	9.9	10.2
Bankruptcy claims percentage	.4	.5	.5
Death & disability claims percentage	.3	.3	.3
Claims percentage	9.7	10.7	11.0

1/ Adjustments for collection efforts include loans paid-in-full, defaulted loans in repayment and defaulted loans written off.

2/ Lender claims percentage is the ratio of cumulative claims paid to lenders to cumulative matured loans with no consideration given to recoveries and collections made by Federal efforts.

3/ Default percentage is the ratio of cumulative claims paid lenders less collections resulting from Federal efforts to cumulative matured loans. This percentage, which is shown as 10.5 percent as of the end of fiscal year 1978, has been reduced to 10.2 percent as of December 31, 1978.

2. Student Loan Insurance: a. Federal Insurance Program

	1979 Revised Estimate	1980[2/] Estimate	Increase or Decrease
A. Federal insurance program:			
Obligations			
Defaults including interest....	$71,225,000	$58,268,000	-$12,957,000
Commissions on collections.....	1,634,000	4,011,000	+ 2,377,000
Computer costs, (Collections).................	1,500,000	1,500,000	---
Collection costs transferred to salaries and expenses......	10,000,000	10,500,000	+ 500,000
Subtotal obligations......	84,359,000	74,279,000	- 10,080,000
Federal default collections....	- 30,000,000	- 50,000,000	- 20,000,000
Constract default collections..	- 4,950,000	- 12,156,000	- 7,206,000
Insurance premiums.............	- 1,122,000	- 1,100,000	+ 22,000
Prior year appropriation Brought forward...............	- 2,529,000	---	+ 2,529,000
Appropriation.............	$45,758,000	$11,023,000	-$34,735,000

[2/] Indefinite authorization

Purpose and method of operations

To provide for students and lenders who do not have reasonable access to State or private non-profit guarantee agency programs, a program of Federal loan insurance is authorized under Title IV, Part B of the Higher Education Act. Upon default, the Office of Education normally pays the lending institution 100 percent of the unpaid principal balance plus interest, whether or not the loan qualified for Federal interest benefits. Exceptions to this include defaulted loans made prior to December 15, 1968, (unpaid principal only insured). In addition, the insurance liability for State lenders participating in the Federal program may be reduced to 90 percent or 80 percent depending on their default experience. The law also requires the Commissioner of Education to charge an insurance premium of up to one-fourth of one percent per year on the unpaid principal amount of loans insured under the program.

The Higher Education Act places emphasis for insuring loans on State and private non-profit guarantee agencies. Although, recently enacted legislation has encouraged State agencies to increase participation in new loan volume from 69 percent in 1977, to 90 percent in 1980, the Federal insurance program is provided in the event that such agencies do not exist or are unable to provide adequate coverage. By the end of fiscal year 1980, approximately $5.7 billion in disbursed loans will have been insured under the Federal program—approximately 32 percent of all loans insured under the Guaranteed Student Loan program.

The lender must exercise reasonable care and diligence in making loans. In the event the borrower defaults on an obligation, the lender is required to make all reasonable efforts to effect collection before filing a claim with the Federal government for reimbursement of the loss. If it is determined by the Commissioner that the lender has not exercised such diligence, the claim is returned for further effort or in some cases ruled ineligible for payment due to lender negligence. The Federal government provides lenders, without charge, a pre-claim assistance service, primarily to assist the lender in locating the borrower so that loans remain in good standing without costs of filing a claim. It has been found that the use of this service during early deliquency often convinces a student borrower to return his loan to repayment status.

1980 budget policy

To provide a federally loan insurance program, an appropriation of $11,023,000 is requested for fiscal year 1980, representing a decrease of $34,735,000 below the $45,758,000 estimated for 1979. This amount along with anticipated receipts of $63,256,000 will support estimated default claims obligations totaling $74,279,000. This represents a 12 percent decrease below the estimated fiscal year 1979 claims obligations of $84,359,000. A discussion of the estimate follows:

-- Although the lenders' claims percentage for 1980 is estimated to remain constant at 13.7 percent, the current default percentage as of December 31, 1978 to the Federal government after collection efforts and write-offs is 10.2 percent. This significant improvement in the area of FISL defaults is primarily due to improved pre-claims assistance provided to lenders, improved collection efforts, and the publicity gained by the Federal government's program to reduce the default problem.

-- The regional offices' collections effort is expected to recover $50,000,000, an increase of 67 percent over the 1979 figure of $30,000,000. Of the $50,000,000 in collections, $10,500,000 will be transferred to the Salaries and Expenses account to provide administrative support for the Federal collections efforts. The amount transferred for 1979 was $10,000,000. Collections from the collection contractor in two Office of Education's regions are estimated at $12,156,000 in receipts in 1980 compared to $4,950,000 in 1979.

-- The collection estimates assume that 702 term collectors would be hired and fully trained during fiscal year 1979 and that the collection contract (in two Office of Education's regions) would be extended for another 12-month period. Improve efficiencies will be realized due to one year's experience with the Guaranteed Student Loan program.

-- The 1980 obligations include $4,011,000 to handle commission payments for contract default collections and $1,500,000 for collections computer support.

— Insurance premium income is estimated at $1,100,000 in fiscal year 1980. This small decrease of $22,000 from the $1,122,000 in 1979 is directly related to the projected decreased loan volume in the Federal insurance program.

2. Student Loan Insurance: b. Federal Reinsurance Program

	FY 1979 Revised Estimate	1980[2/] Estimate	Increase or Decrease
B. Federal reinsurance program: Obligations..................	$151,386 000	$169,224,000	+ $17,838,000
Reinsurance default collections................	- 12,509,000	- 14,250,000	- 1,741 000
Appropriation.........	$138,877,000	$154,974,000	+ $16,097,000

2/ Indefinite authorization

Purpose and method of operation

To encourage States to participate in the Guaranteed Loan program, the Office of Education is authorized to reinsure loans guaranteed by State and non-profit private agencies to the extent of at least 80 percent of the principal and interest amount of the loss incurred by the agency in meeting its obligations to lenders as a result of default by borrowers.

Guarantee agencies can enter into supplemental guaranty agreements with the Commissioner if their programs parallel the Federal insurance program. Under these agreements a guarantee agency will receive 100 percent reinsurance payments (principal and interest) at the beginning of each fiscal year. Depending upon the amount of claims paid as a function of loans in repayment status, their payments may be reduced to 90 or 80 percent later in the fiscal year. All agencies participate in the 80 percent reinsurance program and 36 participate in the 100 percent reinsurance program.

Thirty-seven agencies including United Student Aid Funds, Incorporated, currently have agreements to guarantee student loans. Twenty-seven of these agencies operate their programs directly; nine have contracted with USAF, Inc., a private non-profit agency, to administer their programs; the program in the State of Kansas is administered by the Higher Education Assistance Foundation of Minnesota. By the end of fiscal year 1980, an estimated $12.2 billion in loans will have been made which are covered under the Federal reinsurance program--approximately 68 percent of all loans made under the Guaranteed Student Loan program. Ten new agencies were formed in 1978 and it is projected that approximately twelve more will be created in 1979, bringing the total to 49, including USFA Inc. All States are expected to have established guarantee agencies by the end of fiscal year 1980.

The guarantee agencies must require diligent collection efforts on the part of their lenders prior to paying claims. After default the agencies have the legal responsibility to recover the loss. After repayments are made to guarantee agencies, an equitable share of the payments made by defaulted borrowers to the agencies are returned to the Federal government as discussed further under the 1980 budget policy.

1980 budget policy

To provide a Federal reinsurance loan program for State agencies, a requested appropriation of $154,974,000 for fiscal year 1980 compared to $138,877,000 in 1979 together with estimated receipts of $14,250,000 will support projected default claims totaling $169,224,000. This represents a 12 percent increase over the 1979 default claims obligation of $131,386,000. The budget estimate is based on 100 percent reinsurance payments for all claims. A discussion of the estimate follows:

— The expected increase in obligations for 1980 reflects a continuing increase in the reinsurance program loan volume since 1975. Much of the increase in volume over the 1979 level is due to the impact of the provisions of the Middle Income Student Assistance Act (P.L. 95-566) which makes the Federal interest subsidy available to all borrowers, regardless of the adjusted family income.

— This estimate of defaults results from an increase in new loan disbursements and a 20 percent increase in matured disbursed loans for 1980 which increase the possibility of defaulted claims for such loans. The estimate lenders' claims percentage will increase from 9.9 percent in fiscal year 1979 to 10.2 percent in fiscal year 1980.

The fiscal year 1980 estimated collections on defaulted loans of $14,250,000 is an increase of 14 percent over the fiscal year 1979 level of $12,509,000. These collections are made by the guarantee agencies on reinsured loans and become available as income to the Student Loan Insurance Fund. The Education Amendments of 1976 provide for a supplemental reinsurance agreement at rates of 80 percent, 90 percent or 100 percent, depending upon the agency's default experience. The legislation requires the guarantee agencies to repay the Federal government the same percentage of amounts collected from defaulted borrowers as the percentage of reinsurance paid by the government to the agency, less up to 30 percent of recoveries to cover collections and pre-claims administrative expenses.

THURSDAY, MARCH 29, 1979.

HEALTH PROFESSIONS GRADUATE STUDENT LOAN INSURANCE FUND

WITNESSES

LEO KORNFELD, DEPUTY COMMISSIONER FOR STUDENT FINANCIAL ASSISTANCE
PETER VOIGT, DIRECTOR, DIVISION OF POLICY AND PROGRAM DEVELOPMENT
DAVID C. BAYER, ACTING CHIEF, GUARANTEED STUDENT LOAN BRANCH
MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

OPENING STATEMENT

Mr. NATCHER. Now we take up next the Health Professions Graduate Student Loan Insurance Fund. Mr. Kornfeld, you have an excellent statement which we will place in the record at this point, and we will get to the questions.

[The statement follows:]

BIOGRAPHICAL SKETCH

Name: Leo L. Kornfeld

Position: Deputy Commissioner for Student
Financial Assistance, Office of Education

Birthplace & Date: Brooklyn, New York
October 31, 1922

Education: Bachelor of Science in Mathematics, Univ. of Michigan-1944
Bachelor's and Master's degrees in Engineering - Georgia Tech
Attended Harvard Business School Special Programs

Experience:

Present: Deputy Commissioner for Student
Financial Assistance, Office of Education

1972-77 Corporate Vice President of
Automatic Data Processing
Clifton, New Jersey

1966-72 Senior Vice President of
Cresap, McCormick & Paget
New York, New York

1957-69 Associate, Cresap, McCormick, and Paget
New York, New York

1944-57 U.S. Navy

Other Experience

Education Consultant for the past 19 years, working with many of the Nation's leading colleges and universities.

Served as an advisor to the World Bank, concentrating on education and health services in Ethiopia.

Worked with the Harvard Business School on U.S. aid training programs for Southeast Asian countries.

Designed and assisted in implementation of a more effective computer system for administrative recordkeeping for the University of Minnesota.

Served as a consultant on the New York City School System's decentralization.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by

Deputy Commissioner for Student Financial Assistance

on

Health Professions Graduate Student Loan Insurance Fund

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to discuss our fiscal year 1980 plan for the Health Professions Graduate Student Loan Insurance Fund. Since receipts to the Fund from insurance premiums on guaranteed loans are expected to exceed any claims that will be paid, no appropriation is requested. Borrowing authority of $2,500,000, authorized in the fiscal year 1979 appropriation, will support any unanticipated costs in fiscal year 1980.

The Health Education Assistance Loan Program was authorized under Title VII, Part C of the Public Health Service Act to provide federally insured loans to graduate students in schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, public health and pharmacy. Loan principal is provided by commercial lenders, educational institutions, State agencies, insurance companies and pension funds. Although the principal and interest are guaranteed by the Federal government, no subsidies are provided.

There are 323 health professions schools and 253 are participating in the program. It is expected that many of the schools not participating will sign agreements to do so in the near future. However, some institutions have declined to participate because to do so they would also have to participate in the Public Health Service's capitation grant program which has certain legislative requirements that they do not choose to follow. Other institutions have chosen not to participate because they feel the interest rate of 12 percent, compounded semiannually, and the lack of an interest subsidy places too great a financial burden upon their students.

Lender participation in this program has been very successful. There are several national lenders that will accept applications from students located anywhere in the country. As a consequence, we have assured lender access for all eligible students.

Regulations to implement the program were effective on September 15, 1978 - after the peak summer months when most students seek financial aid. Accordingly, the first loans were made under this program in fiscal year 1979, and as of February 16, 1979, 175 loans totaling $1,293,433 had been disbursed. However, in fiscal year 1980, the second year of operation based on a full academic year of participation, it is anticipated that 17,000 students will borrow $136 million under the program. These borrowers will consist of 8,500 medical students, 2,550 dental students, and 5,950 graduate students in other health fields.

Although no defaults are expected, an estimated $1,000,000 in death and disability claims are anticipated. However, estimated receipts of $1,300,000 deposited into the fund from insurance premiums on guaranteed loans will cover program requirements. Therefore, no appropriation is requested.

This concludes my statement. I shall be pleased to answer any questions.

STATUS REPORT ON HEAL

Mr. NATCHER. In the committee report on the 1979 appropriation bill we asked for a status report in the Health Education Assistance program.

The report was submitted in January, and at this point in the record we will insert this report.

[The report follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20201

JAN [illegible] 1979

Chairman, Subcommittee on Labor,
  Health, Education, and Welfare
Committee on Appropriations
House of Representatives
Washington, D. C. 20515

Dear Mr. Chairman:

The attached report on the status of implementation of the Health Professions Graduate Student Loan Insurance Program is submitted as required by House Report 95-1248, page 55.

Sincerely,

Frederick M. Bohen

Frederick M. Bohen
Assistant Secretary for
  Management and Budget

Attachment

BSFA/OE
12/14/78

Status Report
HEALTH EDUCATION ASSISTANCE LOAN PROGRAM
Bureau of Student Financial Assistance

The House Appropriations Committee Report No. 95-1248 on the Fiscal Year 1979 Labor/HEW Appropriation Bill requested that the Secretary of Health, Education, and Welfare prepare a status report on the implementation of the Health Professions Graduate Student Loan Insurance Program (administratively called the Health Education Assistance Loan (HEAL) Program). In addition the report was to contain information on all health professions student assistance programs and the extent to which these programs meet student demand for financial assistance.

BACKGROUND

The HEAL Program was authorized by section 401(a) of the Health Professions Educational Assistance Act of 1976 (Public Law 94-484, October 12, 1976). The purpose of the HEAL Program is to provide for federally insured loans to eligible students attending health professions schools. Through an HEW reorganization of March 9, 1977, the Office of Education was assigned responsibility for administering the HEAL Program. The program was assigned to the Bureau of Student Financial Assistance.

In June of 1977, an interim final regulation was published which utilized existing statutory authority to amend the Guaranteed Student Loan Program (GSLP) and authorized larger academic year loan amounts until such time as the HEAL Program could be implemented. This permitted eligible health professions students to borrow up to $10,000 a year under the GSLP. This authority expired on September 15, 1978.

PROGRAM REGULATIONS

The regulations to implement the HEAL Program were published as an Interim Final Regulation on August 3, 1978 and became effective on September 15, 1978.

Hearings were held on school campuses in seven cities over a five-month period to allow schools, lenders, and students to comment on the regulations and to offer suggestions for modifications and additional proposed regulations to be published next spring.

The regulations accomplished three major objectives:

(1) Implemented the HEAL Program

(2) Included the HEAL Program in the due process procedures for the limitation, suspension, or termination of institutional eligibility; and

Page -2- Status Report

(3) Revoked the Interim Final Regulation published on June 30, 1977, that allowed health professions students to borrow up to $10,000 in the Guaranteed Student Loan Program.

Public Law 94-484 contains three provisions that are not in the regulations:

(1) Procedures for the nonstudent borrower

(2) Federal payment of loans for service in designated health manpower shortage areas; and

(3) Withholding of Federal reimbursement from defaulted borrowers practicing their professions.

Comments and suggestions received on those three provisions as well as the Interim Final Regulation will be considered when subsequent proposed regulatory changes are made in the Spring of 1979.

SCHOOL PARTICIPATION

The Office of Education is negotiating participation agreements with all Health Professions Schools.

Seventy-nine percent of those eligible Health Professions Schools have signed agreements for participation in the HEAL Program. Students attending these schools are eligible for the benefits of the HEAL Program.

Less than 10 schools have indicated that they will not participate in the HEAL Program.

LENDER PARTICIPATION

Fifteen commercial lenders and four school lenders have signed contracts of insurance to participate in the HEAL Program. There are a number of other commercial lenders which have expressed interest in the program. There is an adequate supply of loan funds to handle all student demands.

STUDENT INTEREST

Some students, especially those from the highest tuition medical schools, have shown an interest in the program. Chase Manhattan Bank in New York, the first commercial lender to enter the program, reports 165 loans to date totaling $1.3 million. The largest number of their applications on a geographical basis have come from California.

We anticipate that lenders will make between 5,000 and 8,000 HEAL loans this fiscal year.

HEALTH PROFESSIONS STUDENT ASSISTANCE PROGRAMS

Data on the Health Professions Student Assistance Programs administered by the Public Health Service and the extent to which they meet student demands for financial assistance are attached.

Bureau of Health Manpower, HRA

HEALTH PROFESSIONS STUDENT LOAN PROGRAM

Academic Year 1978-79

DISCIPLINE	NUMBER OF SCHOOLS	ESTIMATED ENROLLMENT	AMOUNT REQUESTED	AMOUNT OF ALLOCATION	ESTIMATED RECIPIENTS
Medicine	122	61,635	$ 96,000,775	$ 10,042,188	7,086
Osteopathy	13	4,192	2,910,672	588,511	595
Dentistry	59	22,539	35,706,407	3,626,602	2,605
Optometry	12	4,355	5,949,203	711,480	693
Pharmacy	68	31,321	12,689,884	3,427,586	3,869
Podiatry	5	2,462	5,400,000	406,201	414
Veterinary Medicine	22	7,259	7,304,078	997,437	878
TOTALS	301	133,763	165,961,019	19,800,000	16,140

Bureau of Health Manpower, HRA

SCHOLARSHIP PROGRAM FOR FIRST-YEAR STUDENTS OF EXCEPTIONAL FINANCIAL NEED

Academic Year 1978-79

DISCIPLINE	NUMBER OF SCHOOLS	ESTIMATED NUMBER OF ELIGIBLES	AMOUNT REQUESTED	NUMBER OF SCHOLARSHIP AWARDS	AMOUNT AWARDED
Medicine	119	1,565	$14,668,534	262	$2,563,007
Osteopathy	13	176	1,841,259	26	293,831
Dentistry	57	505	5,363,489	125	1,412,634
Optometry	10	107	967,210	10	97,638
Pharmacy	53	822	5,519,361	53	364,060
Podiatry	5	161	1,799,158	5	57,127
Veterinary Medicine	20	196	1,591,079	20	157,345
TOTALS	277	3,532	$31,750,090	501	$4,945,642

Bureau of Health Manpower, HRA

NURSING STUDENT LOAN PROGRAM

Academic Year 1978-79

DEGREE PROGRAM	NUMBER OF PROGRAMS	ESTIMATED ENROLLMENT	AMOUNT REQUESTED	AMOUNT ALLOCATED	ESTIMATED RECIPIENTS
Associate	501	75,012	$22,707,837	$2,605,358	3,257
Diploma	222	35,729	8,097,041	1,341,219	1,676
Baccalaureate	375	118,815	49,039,406	4,533,720	5,667
Graduate	91	8,468	4,374,977	301,863	377
	1,189	238,024	$84,219,261	$8,782,160	10,977

Bureau of Health Manpower, HRA

NURSING SCHOLARSHIP PROGRAM

Academic Year 1978-79

DEGREE PROGRAM	NUMBER OF PROGRAMS	ESTIMATED ENROLLENT	AMOUNT REQUESTED	AMOUNT ALLOCATED	ESTIMATED RECIPIENTS
Associate	592	87,102	$19,124,558	$3,028,517	3,028
Diploma	237	37,659	6,924,263	1,280,364	1,280
Baccalaureate	391	121,650	28,739,651	4,315,683	4,316
Graduate	90	8,418	2,085,900	289,750	290
	1,310	254,739	$56,874,372	$8,914,314	8,914

Bureau of Health Manpower, HRA

NATIONAL HEALTH SERVICE CORPS SCHOLARSHIP PROGRAM

Number of Continuation Awards, Applicants for New Awards, New Awards and Amount of Funds Obligated for the 1978-79 School Year by Discipline

Discipline	Continuation Awards	Applicants* For New Awards	New Awards	Total Awards	Amount Obligated
Total	1,910	4,745	3,343	5,253	$59,400,000
Medical	1,854	2,883	2,703	4,557	51,650,000
Dental	54	1,288	385	439	5,560,000
Baccalaureate Nursing	0	309	160	160	1,340,000
Other	2	265	95	97	850,000

*The applicants-for-new-award figures do not include 550 students who withdrew their applications before final decisions on awards were made.

USE OF BORROWING AUTHORITY

Mr. **Natcher**. No funding is requested for this program for fiscal year 1980. Last year Congress provided $2.5 million in borrowing authority.

Do you plan to use any part of this borrowing authority in 1980?

Mr. **Kornfeld**. At this time we don't think so, but we would like to continue having that authority because the program has just been launched.

NUMBER OF LOANS

Mr. **Natcher**. All right.

What is your estimate for loans in fiscal year 1979?

Mr. **Bayer**. To date very few loans have been made because this program started well after the beginning of the academic year and the students already had obtained their financing for education.

We anticipate next year will be the first year in which the program will be used extensively.

Mr. **Natcher**. Your budget document indicates that 14,000 loans will be made in 1979. Your January status report indicates between 5,000 and 8,000 loans this year. What is your latest estimate?

Mr. **Kornfeld**. We still think we would like to stick with that estimate. The reason we had such a low volume is that the program was implemented after the start of the academic year. We think now that the program is in place, and everyone knows about it, the volume might still be obtained.

DISTRIBUTION OF LOANS

Mr. **Natcher**. You estimate 17,000 loans totaling $136 million will be made in 1980. How will the borrowers be distributed by health professions field.

Mr. **Kornfeld**. The only statistics we have right now are based on the loans that have been made to date. We think that the distribution will stay in that same order. The two biggest areas where the loans have been made are in the medical schools and podiatry schools.

Dentistry is right behind those two. So we would think that those three categories of professional schools will continue to be the areas that support the loan volume.

NUMBER OF SCHOOLS

Mr. **Natcher**. Can you tell me how many schools will be participating in the program?

Mr. **Kornfeld**. Right now of the 323 schools that are eligible to participate in the program, 253 are participating. The group of schools that has the lowest participation is the schools of pharmacy because they are still eligible for basic grants and other programs since in some schools they are classified as undergraduates.

Now that the program has been implemented, we think that most of the 323 schools will participate.

SCHOOLS DECLINING TO PARTICIPATE

Mr. NATCHER. Can you tell me of any health profession schools that have declined to participate in this program?

Mr. KORNFELD. Yes. There have been some who have declined. They have declined because they are just unhappy with the 12 percent interest rate and are trying to get their students to take guaranteed student loans, which have a lower 7 percent interest rate.

PROPORTION OF STUDENT

Mr. NATCHER. What proporion of total health professional students will that program serve?

Mr. KORNFELD. I really don't know at this point. We are, of course, equipped to service them all if they choose to participate, but I really don't know what percentage.

AVAILABLE LOAN CAPITAL

Mr. NATCHER. Are borrowers under this program likely to attend institutions in certain parts of the country as a result of capital distribution problems.

Mr. KORNFELD. No. Fortunately this program, unlike the guaranteed student loan program, has adequate loan capital available and Chase Manhattan Bank of New York will make loans to students in any State.

Mr. NATCHER. Will all loans under this program be made by Chase Manhattan Bank or are there other banks with which you have lending agreements?

Mr. KORNFELD. We have one other lending agreement with Chemical Bank of New York who also will make loans to students in any State. In addition, there are 19 other commercial lenders and 4 school lenders currently participating in the program in certain areas.

REASON FOR NO DEFAULTS

Mr. NATCHER. Your budget indicates that no payments are expected for defaults. Why wouldn't there be any defaults in this program?

Mr. KORNFELD. For two reasons. First, of course, the program just began. As a result, most of these students are in school and, therefore, not required to pay. Second, we are dealing with a population where most students who graduate from these types of institutions are high income people.

CONCLUSION

Mr. NATCHER. This concludes the hearings on the student assistance requests that are before the committee.

Mr. Kornfeld, I want you to know this has been an excellent hearing. Dr. Berry, certainly it applies to you and your associates. We appreciate your appearing.

[The justification of the Department follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Health Professions Graduate Student Loan Insurance Fund

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Appropriation Estimate

Health Professions Graduate Student Loan Insurance Fund

[For necessary expenses for the Health Professions Graduate Student Loan Insurance Fund, authorised by Title VII, part C, subpart 1 of the Public Health Service Act, the Secretary is authorized to issue to the Secretary of the Treasury notes or obligations, in an amount not to exceed a total of $2,500,000, without fiscal year limitation, to maintain the adequacy of the fund, but only with respect to payments authorised under section 734.]

Explanation of Language Changes

1/ Appropriation for borrowing authority is deleted since receipts from insurance premiums will be sufficient to maintain the adequacy of the Fund. Borrowing authority, made available in fiscal year 1979, will remain available to support any unanticipated costs in fiscal year 1980.

Amounts Available for Obligation

	1979	1980
Appropriation	—	—
Borrowing authority	$2,500,000	—
Subtotal, budget authority	2,500,000	—
Receipts: insurance premiums	851,000	$1,300,000
Unobligated balance, start of year:		
Fund balance	—	351,000
Borrowing authority	—	2,500,000
Unobligated balance, end of year:		
Fund balance	- 351,000	- 651,000
Borrowing authority	-2,500,000	-2,500,000
Total, obligations	500,000	1,000,000

Summary of Changes

1979 Estimated budget authority	$2,500,000
1980 Estimated budget authority	—
Net change	-$2,500,000

	1979 Base	Change from Base
Increases:		
Built-in:		
1. Increases in obligations resulting from increased death and disability payments	$ 500,000	+$ 500,000
Subtotal changes in obligations	500,000	+ 500,000
Adjustments:		
Receipts: insurance premiums	- 851,000	- 449,000[1]
Unobligated balance, start of year:		
Fund balance	—	- 351,000[1]
Borrowing authority	—	- 2,500,000[1]
Unobligated balance, end of year:		
Fund balance	351,000	+ 300,000
Borrowing authority	2,500,000	—
Net change		- 2,500,000

---

[1] Negative amounts represent increases.

Budget Authority by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
Borrowing authority.............................	$2,500,000	---	-$2,500,000

Obligations by Activity

	1979 Estimate	1980 Estimate	Increase or Decrease
Death & disability claims......................	$ 500,000	$1,000,000	+$ 500,000

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Investments and loans..........................	$2,500,000	---	-$2,500,000

Obligations by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Total obligations by object....................	$ 500,000	$1,000,000	+$ 500,000

Significant Items in House and Senate Appropriations Committee Reports

Item	Action taken or to be taken
1979 House Report	
Health education assistance loan program	
1. The House Appropriation Committee Report No. 95-1248 on the Fiscal Year 1979 Labor/HEW Appropriation Bill requested that the Secretary of Health, Education, and Welfare prepare a status report on the implementation of the Health professions graduate student loan insurance program (administratively called the Health education assistance loan (HEAL) program). In addition, the report was to contain information on all health professions student assistance programs and the extent to which these programs meet student demand for financial assistance.	1. The report has been completed and is in process of being submitted to the Committee.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Public Health Service Act:				
1. Health education assistance loan program: (title VII, part C, subpart I)				
Appropriation..................	Indefinite	---	Indefinite	---
Borrowing authority............	Indefinite	$2,500,000	Indefinite	---
Total B.A............................		$2,500,000		---

Health Professions Graduate Student Loan Insurance Fund

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1979	$1,500,000	$1,500,000	---	---
Borrowing authority	5,000,000	5,000,000	$2,500,000	$2,500,000
1980	---			

Justification

Health Professions Graduate Student Loan Insurance Fund

	1979 Estimate	1980 Estimate	Increase or Decrease
1. Health education assistance loan program:			
Borrowing authority, total budget authority........................	$2,500,000	---	-$2,500,000
(Obligations)........................	(500,000)	($1,000,000)	+(500,000)

General Statement

To assist in training students in various medical fields, a Health Education Assistance Loan Program (HEAL) was authorized to provide insured loans for graduate students in schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, public health and pharmacy. Loan principal will be provided by commercial lenders, educational institutions, State agencies, insurance companies and pension funds. The principal and interest will be insured by the Federal government. The following table displays data on guaranteed loan volume for HEAL's first two years.

	1979	1980
Number of loans..................	14,000	17,000
Average loan....................	$8,000	$8,000
Total loan volume...............	$112,000,000	$136,000,000

1. Health Education Assistance Loan Program (Public Health Service Act Title VII, Part C, Subpart I)

	1979 Estimate	1980 Estimate	Increase or Decrease
Borrowing authority, total budget authority..............................	$2,500,000	---	-$2,500,000
(Obligations).........................	(500,000)	($1,000,000)	+(500,000)

Purpose and method of operations

To provide insured loans for graduate students in schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, public health and pharmacy, a program of loan guarantees is provided. The program operates through the Health Professions Graduate Student Loan Insurance Fund from which payments are made for defaults by student borrowers and related costs. Deposits to the fund are derived from insurance premiums, default loan collections and from appropriations.

Loan amounts up to $10,000 a year -- to a combined total of $50,000 (except for pharmacy students who will be limited to $7,500 a year and a total of $37,500) will be insurable. Loan principal will be provided by non-Federal sources, including commercial lenders, educational institutions, State agencies, insurance companies, and pension funds, and principal and interest will be insured by the Federal government. The maximum allowable interest rate is 12 percent and an insurance premium of up to 2 percent will be charged to student borrowers. However, the actual rates permitted in any fiscal year will be established by Federal regulation.

Student borrowers will not be required to begin repayment of principal until nine months after they cease training and will have a maximum repayment period of 15 years. Payment of principal may be deferred during additional periods of full-time medical study and for up to three years for internship or residency training, service in the armed forces, in the Peace Corps or other specified programs as a full-time volunteer or in the National Health Service Corps.

1980 budget policy

To continue loan insurance under the Health Education Assistance Loan program, the use of receipts for funding death, disability and bankruptcy claims is proposed. No appropriation will be required to cover an anticipated $1,000,000 in death and disability claims since $1,300,000 in receipts is available from insurance premiums. No payments are expected for defaults.

The primary objectives of this program are:1) to provide access to persons seeking entry into various medical professions, and 2) increase the number of trained persons in the medical fields. In support of those objectives, it is expected that private lending institutions will make $136 million in loans available to 17,000 students in attendance at 323 professional schools in fiscal year 1980. This is an increase of 3,000 above the number for fiscal year 1979.

During 1979, borrowing authority of $2,500,000 was approved, which will remain available to be used to cover any unanticipated costs.

THURSDAY, MARCH 29, 1979.

SALARIES AND EXPENSES

WITNESSES

JAMES PICKMAN, EXECUTIVE DEPUTY COMMISSIONER FOR RESOURCES AND OPERATIONS

GARY J. RASMUSSEN, DIRECTOR, MANAGEMENT SYSTEMS AND ANALYSIS DIVISION

WILLIAM FLOYD, CHIEF, ADMINISTRATIVE BUDGET BRANCH

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE

WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

SALARIES AND EXPENSES

Mr. NATCHER. We take up next Salaries and Expenses.

Mr. Pickman, it is a pleasure to have you and your associates appear before our committee in behalf of the Salaries and Expenses request for the Office of Education.

Who do you have with you, Mr. Pickman?

Mr. PICKMAN. I have Gary Rasmussen here, who is one of my colleagues who works on the Salaries and Expenses budget, as well as general management concerns in the Office of Education.

Mr. NATCHER. Thank you very much. We are delighted to have all of you appear. We will insert your statement in the record in its entirety. If you desire, we will be glad to hear from you, if you want to highlight the statement.

Mr. PICKMAN. I would like to highlight it very briefly.

Mr. NATCHER. Go right ahead.

[The information follows:]

PROFILE OF JAMES PICKMAN

EMPLOYMENT:

Present Position:	Since November 1978: Executive Deputy Commissioner for Resources and Operations, United States Office of Education, 400 Maryland Avenue, S.W., Room 4027, Washington, D.C. 20202 (202) 245-7904
Prior Employment:	March 1977 - November 1978 Deputy Executive Secretary Department of Health, Education, and Welfare
	1972 - March 1977 Vice President of Bedford Stuyvesant Restoration Corporation (1974-1977); General Counsel of Bedford Stuyvesant D and S Corporation (1972-1977); Chief Executive Officer of D and S (1973-1977).
	1968-1972 Real estate investment, development and management business in New York City and Long Island; house counsel and officer.
	1966-1968 Shearman & Sterling, New York, N.Y. Practice of general corporate law.
EDUCATION:	Harvard Law School, LL.B. 1966 Princeton University, B.A. 1963

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Office of Education

Statement by

Executive Deputy Commissioner

for Resources and Operations

on

Salaries and Expenses

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to discuss our fiscal year 1980 request under Salaries and Expenses for the Office of Education. Our request for fiscal year 1980 totals $128,353,000. It will provide for the salaries, expenses and support costs necessary to operate and administer over 120 Office of Education programs and 14 advisory committees.

While our goal is to provide the support for carrying out the Federal mission in education, we are working hard to eliminate unnecessary expenditures and positions, and to make administrative and managerial improvements that will assure the most effective and efficient use of the Office of Education's salaries and expense dollars.

Dollars

Our request represents an increase of $3,701,000 over fiscal year 1979; however, increases of $7.4 million in permanent compensation, benefits, and rent--items in large part beyond our control--are substantially offset by an aggregate reduction of $3.7 million in the discretionary object classes. We found we could reduce most of these discretionary categories without detriment to program priorities.

For example:

- We will cut travel and related costs by $1.3 million by eliminating unnecessary trips and better coordinating travel that is essential.
- We will reduce part-time permanent and consultant positions by $0.4 million.
- We will save $1.4 million by eliminating excess rental of equipment, telecommunications, mail, equipment purchases, and supplies.
- We will save another $1.5 million by eliminating unnecessary expenditures in such categories as automatic data processing, field readers, training, and remodeling.

Staffing

We are requesting 3490 full-time permanent positions. This number reflects a decrease of 25 positions from the authorized level in fiscal year 1979 and a reallocation of 186 positions. Reductions are proposed in overhead and lower priority program needs, and through achievement of organizational and managerial efficiencies in the Bureaus of Student Financial Assistance and Occupational and Adult Education. The reallocated positions will go to such priority areas as grants and contracts administration, financial management, regulations development, Title I of the Elementary and Secondary Education Act, Title III of the Higher Education Act and various special programs for the disadvantaged. In making these changes, we have attempted to provide staffing to priority areas and support the President's goal of reducing Federal employment.

Administrative Agenda for FY 1979-1980

Our efforts to hold down the cost of salaries and expenses is only one part of our overall program to strengthen support services and improve management in the Office of Education. Our agenda for the next eighteen months builds upon some solid accomplishments.

For example:

- o We have put schedules in place to improve the distribution of grants and contracts over the fiscal year and the timely disbursement of funds. In the past, grant and contract awards were bunched in the last quarter. To date, we are meeting our targets.
- o We have reduced unnecessary paperwork and reporting burden by more than 6 million hours since January 1977.

- We have decreased the number of unresolved audits from over 1000 in April 1977 to approximately 650 today.
- We have reduced the error rate in entries to our financial accounting system from over 50% in 1977 to 8% today. We expect to reduce this to 2% by the end of this fiscal year.
- We are writing regulations in clear and simple English, and have removed 498 pages of unnecessary or obsolete material from the Federal Register since September 1977.

Our agenda for the next 18 months is centered around achieving improvements in four key areas: cost savings, program administration, management processes, and personnel management.

We have attempted to develop measurable goals against which progress can be closely monitored. I would like to briefly outline each of these areas:

Cost Savings

The reduction of fraud, abuse and waste in Office of Education programs is the primary component of this effort. For 1979, we are committed to saving $450 million, including:

- $22 million in questionable expenditures in the Title I program through on-site investigations and increased technical assistance to State and local educational agencies.
- $428 million from various student assistance program initiatives, such as increased collections in our loan

programs, screening procedures in BEOG's, and better targeted and more intensive program reviews.

In addition, we expect to achieve additional savings through:

- Improving collection of delinquent accounts receivable;
- Increasing the percentage of procurement dollars awarded competitively;
- Reducing the number of unclosed grants and contracts, and the number of unresolved audit reports;
- Reducing internal waste by attacking the proliferation of telephone equipment and excess copier and word processing equipment, and tightening controls over GSA credit cards.

Program Administration

In this area:

- We are moving to coordinate the administration of State formula grant programs to achieve greater program coherence, improve operating efficiencies, and better serve constituents.
- We have begun a comprehensive review of large discretionary grant programs to ensure that program operations are responsive to legislative intent and program mission, and that their grant award processes are carried out with integrity, objectivity and administrative efficiency.
- We are establishing a new Bureau of School Improvement that will bring together 20 small discretionary grant programs now scattered throughout the Office of Education. Placing

them in a unit of their own will improve their efficiency and effectiveness and help ensure greater national impact.

- We are overhauling evaluation procedures to assure that findings are stated in terms of measurable objectives and that results are available for budget and legislative decision-making, and for program improvements.

Management Processes

- We are continuing to reduce the paperwork burden on our clients. Our efforts will focus on developing procedures for the submission of State and local agency plans every three years as opposed to annually, and on eliminating other unnecessary data required from local education agencies.
- We shall undertake a major effort to improve the financial record keeping and the fiscal management and reporting system.
- We are improving the regulations development process to assure more timely publication of understandable regulations.

Personnel Management

- We shall complete personnel audits of all Office of Education positions to assure that General Schedule grade levels are consistent with work responsibilities.
- As we implement the Civil Service Reform Act, we are focusing on improving supervisory performance. We shall set performance

standards for supervisors, enforce supervisory training requirements and strengthen managers' awareness of affirmative action recruitment and placement.

In summary, I believe we have taken a hard look at our support costs and developed a request that reflects the need to tightly control spending, and yet allows us to administer our programs. In establishing an administrative agenda--which is only briefly highlighted--I believe we have taken an important step toward improving the overall functioning of this agency. We realize, of course, that identifying problems and setting goals are only initial steps. The real work lies ahead.

Thank you for this opportunity to appear before the Committee. My colleagues and I will be pleased to answer any questions.

OVERVIEW

Mr. **Pickman**. Our request for Salaries and Expenses this year totals $128,353,000. This represents an increase of $3.7 million over fiscal year 1979 or a 3 percent increase. The increase is made up of permanent compensation benefits, and other items over which we have little or no control.

Part of the increase is offset by reductions in discretionary object classes, such as travel, which we have cut by $1.3 million from last year by eliminating unnecessary trips, and by coordinating others. We have also cut excess equipment, excess data processing needs and various remodeling which we did not think was necessary.

In terms of staffing, we are requesting 25 positions fewer than the authorized level in fiscal year 1979. In addition to reducing the number of positions, we reallocated 186 positions, primarily from areas in overhead and through achievement of organizational efficiencies in two of the bureaus.

We have shifted these positions into areas which we consider priorities, such as grants and contracts administration, financial management, regulations development, Title I of the Elementary and Secondary Education Act, and Title III of the Higher Education Act. We want to put people in these last two areas so we can increase site visits and monitoring to eliminate fraud, waste, and abuse.

These efforts to hold down dollars and people are part of our overall agenda to improve the management of the Office of Education. We think over the past few years we have some solid accomplishments on which to build.

For example, we have put schedules in place to improve the distribution of grants and contracts throughout the fiscal year. In the past grant and contract awards were bunched in the last quarter. For example, in 1977, 62 percent of all grants were awarded in the fourth quarter. In 1978 we have reduced this to 56 percent and now in 1979 we expect to award only 14 percent of our grants in the last quarter. I should point out that the foruth quarter means after July 1, which makes it very difficult for school districts and other recipients to plan for the coming school year.

In addition, we have reduced paperwork by over six million hours since January 1977.

We have decreased the number of unresolved audits from over 1,000 in April 1977 to approximately 650 today.

In our writing of regulations we have removed almost 500 pages of obsolete material from the Code of Federal Regulations. To repeat, I think we have some solid accomplishments on which to build.

For the next 18 months we have established an agenda which we think will improve the management of the Office of Education.

In doing that, we have established measurable objectives to monitor our progress. For example, we have goals for reducing fraud, abuse, and waste in our student assistance programs, and for our Title I program, where we hope to save over $22 million in questionable expenditures over the next year.

We hope to improve the collection of delinquent accounts receivable. This has been a big problem for the Office of Education, and I think there is room for improvement. We have an active plan for reducing those receivables.

In addition, we have been concerned that we have over 120 programs which appear in many instances to operate independently. What we are trying to do is take a look at them and see what kind of efficiencies we can achieve among them.

In closing, we have a tight request in terms of dollars and people, and we have an agenda that we think will help improve the management of the office. I set forth our agenda more fully in my prepared statement.

1977 UNUSED FUNDS

Mr. **Natcher**. Thank you, Mr. Pickman.

On page 455 of the budget appendix it shows that $2,319,000 lapsed under this appropriation for 1978. Is there a particular reason for those unused funds or do you consider that to be a normal amount of lapse?

Mr. **Pickman**. The largest part of that lapse related to a supplemental of $2.3 million for mail costs. We had miscalculated how much money we would need to handle mail costs for the Office of Education for fiscal year 1978. We asked for a supplemental for this purpose, and when the final bill came in from the United States Postal Service, we found we did not need all of the supplemental. So the largest portion of that was attributable to this matter.

Mr. **Natcher**. Mr. Conte?

EFFECTIVENESS OF OFFICE OF EDUCATION MANAGEMENT AND OPERATIONS

Mr. **Conte**. Your major emphasis on any new slots you are requesting in the various offices seems to be focused in such areas as improved auditing and management of many of the education programs.

I want to commend you for it. It seems to be a good emphasis. Is there any indication that the majority of our programs right now are effective, that they are meeting their goals, and how much net savings in waste and fraud can we hope to recover in the next several years.

Mr. **Pickman**. Let me just say the answer is yes; I think many of our programs are meeting our goals. I would like to, for the record, if I may, elaborate on that and supply you with a comprehensive answer to that part of the question. As for fraud, abuse, and waste, we have a goal of approximately $450 million that we are expecting to save over fiscal year 1979, primarily in the areas of student assistance and the Title I program.

We are working now to expand this initiative to define other areas where we can obtain savings by reducing fraud, abuse, and waste. Measuring savings is not always easy. For example, if we are going to increase our auditing activity—which we intend to do in many programs—we must find ways of setting measurable goals.

That is the challenge. But once we set those goals, we will be able to measure and hopefully increase the amount of savings we can obtain by reducing fraud, abuse, and waste.

[The information follows:]

EFFECTIVENESS OF OFFICE OF EDUCATION PROGRAMS

The material that follows summarizes the recent positive findings of OE evaluations for 23 OE programs, and lists the kinds of findings that evaluations should produce for 12 OE programs within approximately two years. Findings described for the 23 OE programs are not necessarily comprehensive but have been purposely selected to show the positive aspects of program operations and of program impact upon participants that evaluations can and do reveal. Expected findings for the 12 OE programs will show both the positive aspects of program operations and effectiveness and the problem areas that need to be resolved.

STATE AND LOCAL GRANTS (ESEA I)

Evaluation Findings to Date

Title I funds are moderately well focused on elementary school children who do poorly in reading and math.

1. 30% of all elementary school students who can be regarded as low achievers are selected for Title I while another 15% are selected to receive compensatory services from other programs.

    -- 7% of non-low achievers are selected for Title I but because of their greater absolute number more non-low than low achievers are reached by Title I.

    --- One-third of the students judged in need of compensatory services are not now receiving them.

2. The typical student selected for compensatory reading in Title I ranks at about the 20th percentile in reading achievement.

The Title I services that students receive in reading are supplementary to the regular school program and they appear to benefit from them.

1. Compensatory students receive more resources in reading than do noncompensatory students.

2. During the school year Title I students do not fall further behind their more advantaged peers in their reading skills.

    -- In unusually successful compensatory reading projects students advance by 7 to 10 percentile ranks during the school year.

However, the extent to which student benefits are sustained over the summer months and in subsequent years is unknown.

EMERGENCY SCHOOL AID: BASIC GRANTS TO LEAs

Evaluation Findings to Date

There is evidence that the ESAA Basic program improves student academic achievement.

-- Students in the elementary schools participating in the Basic program in 1975-76 made larger academic gains than students in similar schools without the program.

EMERGENCY SCHOOL AID: MAGNET SCHOOLS

Evaluation Findings to Date

Magnet schools are most successful as a desegregation device when they are used as one component of a comprehensive desegregation plan. Most school districts studied (except Milwaukee) have relatively small magnet programs resulting in limited desegregation.

Magnet schools are more likely to succeed when they are:

-- located in racially mixed neighborhoods;

-- designed to desegregate a particular area of the city (none or only some "slots" are open to students from all areas of the city);

-- designed for non-traditional programs rather than "back-to-basics" (elementary school level).

Magnet schools do seem to have a positive effect on community attitudes toward desegregation. The research teams repeatedly heard of anti-desegregation organizers being the first to send their children to magnet schools.

BASIC EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Evaluation Findings to Date

The Basic Grants Program has greatly reduced the financial barriers to attending postsecondary education to female, minority, and low income students.

1. Survey data indicate that 55.1 percent of Basic Grant recipients are female and 43.0 percent are from racial or ethnic minorities.

2. Approximately 90% of the recipients are either independent students or dependents with annual family incomes of less than $12,000.

The growth of Basic Grants has enabled states and institutions to free up funds enhancing financial choice for both low and middle income students.

1. Twenty-three states and territories require a BEOG application as a condition for state awards.

2. Several states specifically indicate that Basic Grants allowed them to use state money to subsidize student choice for low and middle income students.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

Evaluation Findings to Date

Supplemental Grants operate to aid female and minority students to a greater degree than these groups are represented in total enrollments.

-- Fifty-four percent of Supplemental Educational Opportunity Grant Program's recipients were female and 39% were of minority status.

Supplemental Educational Opportunity Grant Program aids somewhat higher income students than does Basic Grants.

-- Almost 20% of Supplemental Educational Opportunity Grant Program's recipients were from families with parental incomes of $12,000 or more. At private universities this proportion increases to over 29%.

STATE STUDENT INCENTIVE GRANTS

Evaluation Findings to Date

Studies show a wide variation by state in the characteristics and distributional effects of State Student Incentive Grants Program.

-- State programs differ by award maximum and size, type of student and institutions served, usage of Basic Educational Opportunity Grants in state application process, and degree to which academic potential is a factor in determining eligibility among other characteristics.

With the advent of the State Student Incentive Grants Program has come a remarkable growth of state scholarship programs.

-- Twenty states have developed grant programs since State Student Incentive Grants funds became available in 1974-75.

WORK-STUDY PROGRAM

Evaluation Findings to Date

The College Work-Study Program has provided work opportunities for females and minority groups.

-- Fifty-five percent of recipients are female and almost 30% are from racial/ethnic minorities.

While promoting access and choice for women, minority groups, and low income students, College Work-Study has also tended to be somewhat more middle-income in orientation than have most Federal grant programs.

-- At all institutions, students with family incomes of $12,000 or more received 28% of College Work-Study awards. At private colleges and universities this group received 40% of College Work-Study awards.

While middle-income students finance a greater proportion of their expenses with job earnings than do low income students their reliance on College Work-Study is substantially less.

-- Students from families with incomes of $15,001 to $20,000 attending low to medium cost schools (institutional costs of $0-1,500) financed over 18% of their total cost with work earnings but only 1.4% with College Work-Study earnings. Students from the lowest income category ($0-6,000) financed 15% of their total costs of attendance from work with approximately 1/3 from College Work-Study funds.

UPWARD BOUND

Evaluation Findings to Date

The Upward Bound program increases the rate of entry into postsecondary education. An increase of about 18 percent was found by comparing Upward Bound program participants to similar non-participants.

The Upward Bound program increases the rate of lagged entry among students who do not immediately enroll in postsecondary education. Among the high school graduates in the class of 1974 who did not immediately enter postsecondary education, 62 percent of the Upward Bound participants and 36 percent of the non-participants entered four-year colleges and universities.

Upward Bound participation was found to be associated with the entry into postsecondary education of more ethnic minorities, more poverty-level students, and more students classified as academic risks in high school.

COOPERATIVE EDUCATION

Evaluation Findings to Date

Higher Education Act Title IV-D funds have been effective in increasing the number of cooperative education programs in four-year and two-year institutions of education.

-- Title IV-D grants have been awarded to over 700 institutions to establish cooperative education programs. In the recently completed study "Cooperative Education - A National Assessment", 86 percent of the institutions in the sample which had received IV-D funding stated their co-op programs would not have been initiated without the Title IV-D grant.

Cooperative education is an indirect source of student financial aid.

-- Only 6 percent of students in the study "Cooperative Education - A National Assessment" indicated no replacement of co-op earnings would be necessary if they did not participate in co-op ed. Another 6 percent said they could not attend college without co-op earnings.

Participation in cooperative education is cost beneficial for the student.

-- In comparing co-op and non-co-op students, it was found that added financial benefits accrue to the co-op participant even when co-op participation entails a fifth year of schooling.

TALENT SEARCH

Evaluation Findings to Date

The recruitment strategy appears effective in reaching a sizeable number of contracts in the target populations of concern.

Effective relationships have been developed with a group of institutions to which clients apply and at which many enroll.

Staff appear dedicated to program goals, and their cohesion and interaction appear to be adequate, although little staff training is provided and there is considerable staff turnover.

DOMESTIC MINING AND MINERAL AND MINERAL FUEL CONSERVATION FELLOWSHIPS FISCAL YEARS 1975 and 1976

Evaluation Findings to Date

Fellowships awarded serve a number of purposes.

-- 53 percent of the fellowships were used to prepare superior students for careers in the field.

-- 22 percent of the fellowships supported outstanding students who were financially needy.

-- 16 percent of the institutions awarded Fellowship funds indicated they would be instrumental in attracting students to their programs.

Of the 131 Fellows awarded fellowships in 1975 and 1976; 84 percent were pursuing a master's degree, 16 percent, a doctoral degree.

Fellowship recipients are able to find jobs in their fields.

-- All of the 31 Fellows who have completed their program or left school because of a job offer before completing their degree requirements were employed in a field related to their study.

PUBLIC SERVICE FELLOWSHIPS AND INSTITUTIONAL GRANTS FISCAL YEARS 1975 and 1976

Evaluation Findings to Date

A review of the program files on the Fiscal Year 1975 and 1976 awards for Public Service indicates that Parts A and C of Title IX appear to be effective in achieving their legislative intents of improving programs which provide financial assistance for students to acquire such training.

-- Institutional grants were used to hire new faculty, to provide special training for faculty, to develop and add new courses and to expand internship programs.

-- 263 Fellowships were awarded to students in 52 institutions, 69 Fellows earned their master's degree and 88 obtained employment in their field. Most (168) Fellows were continuing in the program.

LEGAL TRAINING FOR THE DISADVANTAGED

Evaluation Findings to Date

This program appears to be reasonably successful in fulfilling the legislative intent of increasing the number of lawyers from disadvantaged backgrounds by providing skills assistance and financial aid.

-- Since the program's inception in 1968 through 1977, 2,337 students have successfully completed the summer instruction program, the purpose of which is to upgrade the students skills for law school.

-- Of the 2,337 students completing the summer institute, 2,211 have entered law school.

- Currently 553 students are enrolled in the program. Of these approximately 60 percent are Blacks and 38 percent are other minorities.

- Sixty-nine percent of Council on Legal Education Opportunity assisted law students who might have graduated have done so.

INDIAN EDUCATION LEA GRANTS - PART A

Evaluation Findings to Date

Project effectiveness, as judged by staff and Parent Committee Members in the areas of overcoming academic difficulties, providing supplemental services, improving school attitudes and developing favorable self-concepts, was not related to per pupil expenditure.

Projects in urban districts tended to be rated more effective in overcoming academic difficulties and providing supplementary services. This may be partially attributable to the organized approach taken toward the administration of funds and the sophistication of the staff. Staff time spent on projects is somewhat greater in urban districts than in rural districts.

Rural high density districts were rated the next most effective in overcoming academic difficulties and providing supplementary services. This may be due to the larger number of children available for project enrollment and the resulting higher funding level.

Projects in which parent organizations were involved were rated effective in helping Native-American pupils to overcome academic difficulties, improve their attitude toward school, and develop a favorable self-concept. The majority of parent committee involvement was in the areas of providing staffing recommendations, proposal review and development, budget review, needs assessment, establishment of objectives, project monitoring and evaluation, and final report preparation.

The staff and parents rated 75 percent of the districts as being at least moderately effective in overcoming academic difficulties, providing supplementary services, improving attitudes toward school, and developing a more favorable self-concept. Also, 50 percent of the projects were rated effectively by the staff and parents in improving staff attitudes toward Native-American pupils and improving non-Native American pupil attitudes toward Native-American pupils.

The data analyzed revealed that, in the vast majority of the districts, there were staff involvement and program improvements in the areas of academic achievement, Native-American language and cultural heritage, counseling and guidance, attendance, self-concepts, responsibility and self-direction, and in attitudes toward school.

VOCATIONAL EDUCATION: SPECIAL PROGRAMS FOR HANDICAPPED AND DISADVANTAGED

Evaluation Findings to Date

Without the setaside for handicapped students, there would be few programs for the handicapped in any State. The finding is less clear for disadvantaged students since State and local agencies are more likely to match the disadvantaged setaside than the handicapped setaside.

Handicapped Setaside

About 70% of the handicapped students were in special classes. Two-thirds of the training was non-skills training, that is, training not intended to prepare students to compete in the open labor market in any given skill, craft, or trade. Half of the students enrolled in this type of training were in prevocational courses. Others were enrolled in diagnostic centers, mobility training, nongainful home economics, industrial arts, tutoring and sheltered workshops.

However, in interviews, handicapped students and their parents expressed favorable attitudes toward the programs. The case study interviews involved students in 5 states where students were more likely to be enrolled in work experience programs. Outcomes for these students appeared to be favorable.

-- Forty percent of the completers who were still enrolled in school were employed. Sixty percent of the completers who were no longer in school were employed.

Disadvantaged Setaside and Special Programs

States view the setaside and special needs funds as primarily for supportive services, such as pre-vocational, remedial and world-of-work programs.

-- Sixty-nine percent of the high school students and 56% of the postsecondary level students were enrolled in these supportive programs.

-- About half of the high school students were enrolled in work experience programs, indicating that it was not difficult to place disadvantaged students in work situations. However, the vast majority of students enrolled in work experience projects (86%) were not receiving skills training in school.

RIGHT TO READ

Evaluation Findings to Date

Practices of the Right to Read School-based projects are effective in maintaining satisfactory reading progress among elementary and secondary students.

-- Twenty-eight of the 44 school-based reading projects met or exceeded the Right to Read criterion of satisfactory reading progress of one month gain in reading achievement for each month of reading instruction.

Reading achievement gains are more likely to be effected at lower grade levels.

-- Upper grades among the school-based projects (Grades 7-9) did not show reading gains to the same extent as did elementary grades.

Single-classroom single-teacher instruction is less effective when the class includes more than one grade level.

-- Where more than one grade level was included under a single teacher in a single classroom, learning did not take place to the same degree as in single grade level classes.

Adult students reading gains are greater when taught in the typical school-room context.

-- The greatest gains were achieved by students in class-room projects operating within the regular school context, in contrast to projects in other environments or at other hours.

TEACHER CORPS

Evaluation Findings to Date

Corps Member Training Institutes were found to be effective.

Teacher Corps graduates had superior performance to non-corps trained teachers on such variables as developing ethnically relevant curricula, using community resources in teaching and initiating contact with parents, and facilitating improved self-concept in children.

INTERLIBRARY COOPERATION
(LIBRARY SERVICES CONSTRUCTION ACT III)

Evaluation Findings to Date

Library Services Construction Act III is a major driving force behind the development of multitype library cooperation and networking, primarily at the State level.

Library Services Construction Act III is credited as a major influence on State legislatures in passing legislation favoring cooperation and networking.

In Fiscal Year 1976, States reported spending $25.3 million of State and local funds, $11.76 million of Library Services Construction Act I funds, and $2.75 million of Library Services Construction Act III funds on library cooperation and networking.

Slightly more than 85% of projects receiving Library Services Construction Act III funds used the funds for support of operations; though permissible under the law, this may be an inordinate imbalance away from development and demonstration.

Much of the Library Services Construction Act III support goes to interlibrary loan and reference and referral services; this is a restricted range of services.

LIBRARY DEMONSTRATION

Evaluation Findings to Date

A study of the Library Demonstration Program (Higher Education Act IIB) was recently completed. Some salient findings were:

-- Higher Education Act IIB has had a significant impact upon the library and information community because it provided millions of dollars in support of research and demonstration where previously there were very few funds available.

-- Many products resulting from the program have had potential for widespread application. 37% of the projects identified other projects which have utilized products developed under Program grants.

-- Impact of the program has been diffused because of lack of a cohesive national plan for direction of the program, lack of adequate dissemination at the national level, and lack of other aspects of a linkage system to propel findings of this Program into practical applications.

EDUCATION FOR THE HANDICAPPED - EARLY CHILDHOOD EDUCATION

Evaluation Findings to Date

There is positive program impact in the personal-social, adaptive, cognitive, and communications growth areas (with the greatest impact on "Personal-Social development"). Of all handicap groups, educable mentally retarded appeared to show the greatest overall gain, as did children with longer treatment periods. For all handicap groups, there was no significant impact on motor development.

Projects that had medium child-staff ratios (i.e., 4.8 to 6.8:1) that were home-based (as contrasted with center-based) and that had developed and used their own curriculum materials appeared to have the greatest impact on handicapped children.

A follow-up study to determine where graduates of these projects were placed indicated that about two-thirds of the graduates were placed in regular school classes or regular school classes with ancillary special education services. Three-quarters of the graduates studied went to public schools.

EDUCATION OF THE HANDICAPPED UNDER P. L. 94-142

Evaluation Findings to Date

Both State and local educational agencies are developing management information systems to keep track of handicapped children and personnel assignments.

Special and regular education teachers and administrators, as well as parents, have devoted more time to identifying children's needs, developing individualized education programs, and determining the optimal placements for handicapped pupils.

The current allocation formula provides local agencies with flexibility to increase those services that are most needed in their jurisdiction.

Given that the Act has only been in effect for one school year, a great deal of activity has occurred.

Federal appropriations have increased from $315 million in FY 1977 to $804 million in FY 1979, thus providing States with a large increase in financial assistance to meet the goals of the Act.

Many of the problems that were expected to impede implementation are being resolved.

States must increase their efforts to find undiagnosed handicapped children and provide them with the services they need.

CAREER EDUCATION

Evaluation Findings to Date

Interest in career education was wide-spread among local districts in 1974-75, but broad implementation had just begun.

-- Although 52% of the nation's students were in districts where at least one of 15 major career education learning activities was broadly implemented, only a fifth (21%) were in districts where over half of the 15 activities were well established.

Local districts saw staff development in career education as their greatest need and were doing something about it.

-- More than half (57%) of the nation's school districts were carrying on such development. Overall, about 19% of elementary teachers were involved, 20% of middle-school teachers, and 18% of high school teachers.

Many States had taken individual action to begin implementation.

-- Example - Most States (42) had adopted a written career education policy. Over a third (36% or 18) had advisory councils. Nine

States had passed legislation on career education. Full-time State coordinators were found in about half (28) of the States.

COMMUNITY SCHOOLS

Evaluation Findings to Date

Substantial levels of effort, essentially in keeping with the terms of the federal grants and federal policy, had been expended.

These levels of program effort and activity were achieved, in part, because there were major commitments of non-federal resources supplementing the federal funds (typically personnel and materials, but with small amounts of cash).

The majority of the projects which had received federal funds for only one year were continuing at least some of these activities, and in several the level of effort, even without federal funds, had increased.

These project supported activities had produced desired effects on the educational and broader community systems with which they were concerned, and also produced identifiable changes in individuals which were appreciated by these project participants.

EVALUATIONS IN PROGRESS

ELEMENTARY AND SECONDARY EDUCATION ACT TITLE I - STATE AND LOCAL GRANTS

By the end of 1979, evaluations will show what percent of students retain fall-to-spring achievement gains during the summer months, what types of services are provided to students of different educational and economic status, what are the costs and cost-effectiveness of services, and what's the nature and extent of parents' involvement in their child's education.

ELEMENTARY AND SECONDARY EDUCATION ACT TITLE I - MIGRANT CHILDREN

By the end of 1980, evaluations will show what services the program provides and who the recipients are, and will assess the basic skill attainments and school attendance of program participants.

ELEMENTARY AND SECONDARY EDUCATION ACT TITLE I - PROGRAM FOR NEGLECTED OR DELINQUENT CHILDREN

By the end of 1979, evaluations will show what impact Title I services have on student performance and attitude, and what experiences students have after release from the institutions.

ELEMENTARY AND SECONDARY EDUCATION ACT TITLE IV-C - CONSOLIDATION PROGRAM

By the end of 1979, evaluations will provide an assessment of Title IV consolidation as a Federal funding strategy, the extent of non-public school participation, the extent of small-district participation, and an assessment of the role of State Advisory Councils for Title IV.

ELEMENTARY AND SECONDARY EDUCATION ACT TITLE VII - BILINGUAL EDUCATION

By the end of 1981, evaluations of bilingual training grants will:

-- describe the characteristics of teacher training programs operated by institutions of higher education and the nature of the instruction provided;

-- determine how local education agencies allocated their training funds;

-- estimate the number of bilingual education teachers being trained and the number receiving degrees or certificates; and

-- estimate the number of individuals entering the pool of available bilingual education teachers and the degree to which these individuals subsequently participate in bilingual education projects.

BASIC EDUCATIONAL OPPORTUNITY GRANTS

By the end of 1979, evaluations will describe and assess existing procedures in the management and operations of the campus-based and basic grant programs. There will be findings of this sort for the Supplemental Educational Opportunity Grants, Work-Study Programs, and Direct Loans Program as well.

For this program, evaluations will specifically show:

-- the relative impacts of grants, loans, work-study, and institutional environments on students persistence behavior (toward degree completion) once they have entered postsecondary education;

-- the relationships over time between program funding levels and the achievement of access and choice objectives;

-- what difficulties students face in applying for Basic Grants and to what extent these determine who applies for aid; and

-- the effect of different needs analysis systems on the calculation of expected family contributions and how these are related to the actual and expected loan/work burdens students face.

SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

By the end of 1979, evaluations will show:

-- what the relative impacts of grant aid, loans, work-study and institutional environment are on student persistence behavior (toward a degree) after once entering postsecondary education;

-- how institutions differ in their student aid packaging behaviors;

-- what costs institutions must bear to comply with program regulations;

-- what audit and program review procedures are most apt to maintain program integrity; and

-- what the effect on distributional equity would be of eliminating or changing the state allocations formulas for campus-based programs including Supplemental Educational Opportunity Grants.

STUDENT LOAN INSURANCES FUND (GSL)

During 1979, evaluations will show:

-- the number of non-agency (currently Federal Insurance Student Loan Program) States which will form their own loan guarantee agencies during Fiscal Year 1979 and Fiscal Year 1980;

-- the different operational patterns of models for the 32 State agencies currently in operation;

-- the entire cost structure of existing State agencies, analyzed by major operating functions;

-- the types and levels of services delivered by State guarantee agencies to lenders, borrowers, and educational institutions;

-- the deficiencies and errors by State agencies in reporting operating data to the Office of Education.

EDUCATION FOR THE HANDICAPPED - REGIONAL RESOURCE CENTERS

By the end of 1980, evaluations will assess the effectiveness of the program in providing technical assistance to State Education Agencies and Local Education Agencies particularly as regards assistance in the implementation of P.L. 94-142. Specifically, the study will:

-- describe the organizational structures of the program and projects, identify the populations served, and describe the objectives of each Regional Resource Center project;

-- determine the impact of the services delivered by Regional Resource Center projects; identify the project strategies that are relatively more effective in achieving program objectives, and analyze the costs in relationship to project operations and impact.

BILINGUAL VOCATIONAL TRAINING

By the end of 1979, evaluations will show for adults in the programs any changes in labor force participation, employment status, employment rate, change in job earnings, change in occupation and entry into additional training or education programs.

TITLE I OF THE LIBRARY SERVICES AND CONSTRUCTION ACT

By the end of 1980, evaluations will show the following:

-- how has over 20 years of Federal support affected Public Library Service in the U.S.?

-- what changing funding patterns at State and local levels have occurred as a result of this legislation?

-- what are the location and demographic characteristics of library users and non-users?

-- how has Title I impacted on interlibrary cooperation, library personnel and other related issues?

TEACHER CORPS

By the end of 1983, evaluations will show:

-- how teacher classroom behaviors impact on classroom performance;

-- how school/community interaction and involvement can be enhanced by Teacher Corps; and

-- how Teacher Corps can be an effective change agent in communities.

Mr. CONTE. That is the only question I have.

FRAUD, ABUSE, AND WASTE

Mr. EARLY. For goals for fraud, waste, and abuse, when Secretary Califano was here he raised the problem of having a $1 billion reduction. I imagine the goal is zero zero zero.

Dr. BERRY. That is right. We would like to have zero.

Mr. EARLY. In fraud I think you should be able to obtain it. If you are suggesting unused space there is some waste we can't expect. I think the Inspector General would have shown that as wise, but I assume your goals are zero zero zero. We don't appropriate any money for fraud waste and abuse; do we?

Mr. PICKMAN. No, we don't, but unfortunately with the amount of dollars we are responsible for administering, not all of them are spent as efficiently as they should be.

Mr. EARLY. That can be said of every agency in the Federal Government.

Mr. PICKMAN. That is correct, and I think it is incumbent upon every agency to do something about eliminating as much fraud, abuse, and waste as possible.

Mr. EARLY. I assume they are all going down that route.

Mr. PICKMAN. I hope you are right.

HEALTH PROFESSIONS GRADUATE STUDENT LOAN INSURANCE FUND

Mr. EARLY. I agree with your skepticism. Tell me, Doctor Berry, going back to the HEAL program, students that participate in HEAL can't receive a GSLP. A student told me to get HEAL you are not eligible for any other program.

Ms. BEEBE. That is partially correct. The law governing the HEAL program precludes a student from receiving a HEAL loan during the same academic year he or she receives a Guaranteed Student Loan Program loan. HEAL borrowers are, however, eligible for other student aid programs such as National Direct Student Loan and College Work-Study. I believe that under Health Professions Student Loans, administered by Public Health Service, a student must be of exceptional financial need to be eligible to participate. It is my understanding that they are preparing regulations to revise that definition.

We would be happy to provide those proposed changes to you, although that program is not administered by the Office of Education.

Mr. EARLY. I would appreciate it if you would.

[The information follows:]

PROPOSED REGULATIONS FOR HEALTH PROFESSIONS STUDENT LOANS

Proposed regulations for Health Professions Student Loans, administered by Public Health Service, are currently being reviewed in the Office of the Secretary of the Department of Health, Education, and Welfare.

Mr. EARLY. When a youngster told me that was the situation I told him you are wrong. But he was right. If we restrict anyone who participates in HEAL from any other assistance, if we don't make 100 percent available under the assistance programs, he has to end up with HEAL, and that is 12 percent compounded annually.

REDUCTION IN REGULATION PAGES

On the reduction in the pages, I think you have suggested there was a 500 page reduction.

Mr. **Pickman**. Yes, sir.

Mr. **Early**. 500 out of how many?

Mr. **Pickman**. I don't know the answer to that. I will have to supply it for the record.

[The information follows:]

The number of pages of regulations the Office of Education reduced from Title 45 CFR, Parts 100-199 (compiled October 1, 1976) was 498 from a total of 1,167.

GOALS REGARDING REGULATIONS

Mr. **Early**. What is our goal there? To get down to how many pages?

Ms. **Beebe**. I don't think our goals for our regulations are stated precisely in the number of pages to be reduced, but we do have some other specific objectives. One is to take all of our regulations and rewrite them into basic straightforward English. That is a major objective.

Mr. **Early**. Are you going to have lawyers do that for you?

Ms. **Beebe**. No, sir, we are not. We have individuals who are trained in the English language who are working on those.

Dr. **Berry**. Lawyers are trained in the English language, Mr. Early.

Ms. **Beebe**. My colleagues are reminding me they are trained in the legal profession, and that they too are trained in the English language.

We are working to have regulations written as clearly as possible and while our legal staff works with us, the regulations get a final runthrough for simplification.

A second objective is to try to make as few regulations as possible.

Mr. **Pickman**. Another objective is to streamline and expedite the time it takes to produce a regulation. I think we have made substantial progress in that regard.

For example, regulations that were begun prior to January 1977, in the Office of Education took 659 days from the time planning the regulation began until the regulation was published in the Federal Register. We have cut that by a third.

I still think that is too long, and we hope to knock that down by another 25 percent in the next 18 months.

Mr. **Early**. We cut it by a third, or to a third?

Mr. **Pickman**. By a third. It now takes 414 days.

Mr. **Early**. It takes over a year?

Mr. **Pickman**. That is correct.

REDUCING THE TIME REQUIRED TO PUBLISH REGULATIONS

Mr. **Early**. How can we reduce that? How can we help reduce that?

Dr. **Berry**. The administration has in its proposal to create a Department of Education a suggestion that will be an administrative change to cut down on some of the time involved.

Mr. **Early**. Is it because we have so many people and everyone has to satisfy his job? When a regulation comes in no one says that is perfect; otherwise, he wouldn't be needed.

Mr. **Pickman**. That is part of it, and we are trying to do something about that. What we have done is to categorize regulations into three categories: Major, policy significant, and technical; and we have reduced the number of offices that get involved in the technical and less significant regulations so that everyone does not have to get their two cents in and approve it.

Second, and with all due respect, the Congress does not always pass laws with the greatest clarity.

Mr. **Early**. The lawyers write all ours.

Mr. **Pickman**. It is often incumbent upon the executive branch to figure out what the Congress meant and we frequently do that through the regulatory process. So it is not just a matter of following very clear direction. Developing regulations often involves making very basic policy decisions which do not lend themselves to quick solutions.

Mr. **Early**. What do you think about 659, which is now down to 414? Couldn't we have a set of regulations from day one at least within nine months?

Mr. **Pickman**. It depends on the regulation, sir. With some of them we have done that. On others we might not be able to do it.

Mr. **Early**. Was 659 an average?

Mr. **Pickman**. That is correct, for regulations starting before January 1977. However, included in that average is a regulation that took over 1,200 days from initial planning to final publication. However, that regulation was held up because there was a lawsuit filed which had to be settled before the regulation could be finalized.

There are a lot of factors that enter into the development of regulations. We know we can cut the time involved further, but it is very difficult to predict or say that every regulation is going to be completed within a set period of time.

FEDERAL HIRING FREEZE

Mr. **Natcher**. Tell me, Mr. Pickman, what effect will the freeze on employment have on funding requirements for this fiscal year?

Mr. **Pickman**. It is not exactly a freeze, sir. We have been operating under two procedures. The first was a hiring limitation where we were permitted to fill one out of two vacancies.

We have been operating under that procedure since the end of October. Recently we were given ceilings for the Department. Ceilings were then allocated among the various components.

Right now we must reduce the number of on-board employees to come within that ceiling. There are appeals that are permitted if priority needs arise.

It is very difficult to tell, sir, the extent to which the ceiling will affect our funding. Without the ceiling it is quite certain we would spend more money because we would have more people on board.

Mr. **Forbush**. I could add because of that ceiling we have been able to absorb the pay raises 100 percent in the Office of Education.

UNUSED FUNDS AT THE END OF 1979

Mr. NATCHER. All right.

Do you expect to have an unobligated balance at the end of fiscal year 1979.

Mr. PICKMAN. No, sir, but I would like to give some money back to the Treasury if we can effect further savings in 1979, but our budget is pretty tight.

AVERAGE NUMBER OF EMPLOYEES

Mr. NATCHER. Your budget justifications on page 440 show a decrease of permanent positions but an increase of 116 in average number of employees. How do you explain these figures?

Ms. BEEBE. The increase is accounted for by an increase in the number of short-term temporary employees we will have on board, including part-time high school students and summer employees.

EXPENSES FOR TRAVEL, COMMUNICATIONS, AND OTHER SERVICES

Mr. NATCHER. How were you able to reduce your budget for travel, communications and other services?

Mr. PICKMAN. I would just like to say whenever you look carefully at any of our Salaries and Expenses categories you can find opportunities for savings. We have taken a very, very hard look at travel and we established priorities.

For example, site visits and monitoring are the most important justifications for travel. Technical assistance is another one, and relationships with our regions is another.

We think there are a lot of people traveling to make unnecessary speeches. We think people are attending conferences that they don't need to, and we think that our travel can be coordinated better.

For example, if someone is going to make a speech in a city, why can't that person also be briefed and then make a site visit at one of the institutions we are funding? There are many opportunities for savings in travel as well as in other areas.

Ms. BEEBE. In the communications area we are reducing the number of telephones that we have and we are also reducing the number of typewriters.

RENT CHARGES

Mr. NATCHER. How did you calculate the increase of $779,000 requested for standard level user charges?

Mr. PICKMAN. That is the rent that we pay to the General Services Administration for space. There was an increase in the average rent per square foot from $7.60 to $7.94 this past year. In addition, because we brought large numbers of people back from the regions we will move into approximately 65,000 more square feet of space.

We are still below the recommended per square foot average per employee right now so we really didn't have very much control over that figure.

Mr. NATCHER. In other words, this is a mandatory expense that must be paid?

Mr. PICKMAN. Yes.

DISTRIBUTION OF STAFFING

Mr. NATCHER. Describe the system used to distribute staffing among the varous bureaus and offices. How do you go about this?

Mr. PICKMAN. There are various ways we measure the number of people we need to carry out some of the functions. For example, we have a sense of how many grantees will be funded so we can figure out how many site visits we should make to monitor each of the grantees. Then we can figure out how long it takes to do that and how many people are needed. Moreover if we have some sense of the number of applications in a program we then can say how many applications have to be reviewed and the number of people necessary to do this.

OFFICE OF PRIVATE SCHOOLS

Mr. NATCHER. You are proposing an increase of five positions to create a new Office of Private Schools. What is the purpose of this new office?

Mr. PICKMAN. The purpose of this new office is to be sensitive to the needs of nonpublic schools. There are specific statutory provisions which provide for services for students in nonpublic schools, and we believe they cut across many of our programs.

To have one central focus for this important function would be the best way to insure that the rights that are legally created are protected. For example, if certain services aren't provided as mandated by law, we are permitted to have a bypass procedure where we can go around local agencies and provide services.

Again, we felt we needed an office whose focus would coordinate this effort.

HORACE MANN LEARNING CENTER

Mr. NATCHER. You show an increase of nine positions for the Horace Mann Learning Center. Describe for us the activities of this center. What do you do at this particular center?

Mr. PICKMAN. This center is devoted to training and upgrading the almost 4,000 employees of the Office of Education.

It is not so much a new function as a pulling together of what was before many training functions that were distributed and done by other organizations.

We felt we knew the needs best and if we could do much more of this in-house, we could achieve better efficiencies and target our training more effectively.

One of our greatest needs is to train managers. We want to focus on how to be a supervisor and how to manage effectively.

So often you look in various programs and say,"I wish we had a better manager there." It is not always the person. It is just he or she has never been trained properly. One of the missions of the Horace Mann Learning Center is to focus on this effort.

Mr. NATCHER. Is it open to Federal employees and the public?

Mr. PICKMAN. It is almost exclusively for Office of Education and some other Federal employees. Certain of its programs, for example, panels or forums, may be open to the public. I will have to check.

[The information follows:]

My research indicates that on occasion, and on a space-available basis, lectures, forums and panels are open to personnel from other Federal agencies. The facilities of the Horace Mann Learning center, however, are not made available to the general public.

CONSULTANT SERVICES

Mr. NATCHER. How much do you have in your 1980 budget for consultant services?

Mr. PICKMAN. I would like to supply that answer for the record.

Mr. NATCHER. All right.

[The information follows:]

In the overall Office of Education budget, including both program appropriations and the salaries and expenses appropriation, we estimate approximately $36.4 million. Approximately $3.4 million of this estimate comes from the Salaries and Expenses budget for consultant services contracts in the areas of program administration, management, automatic data processing, and training, as well as for appointive consultants.

LARGEST RECIPIENTS OF 1978 CONSULTANT CONTRACTS

Mr. NATCHER. For the record, if you will insert the names of the five largest recipients of consultant contracts and show the amounts received in 1978.

Mr. PICKMAN. We will do that, sir.

[The information follows:]

Mr. Pickman. The five largest recipients of consultant contracts are shown below.

Awardee: Name, Address, Award Number	Bureau/Office Institute/ Center Activity	Total Current Obligation	Title and/or Major Objectives
System Development Corporation 2500 Colorado Avenue Santa Monica, CA 90406 300-75-0332	Office of Evaluation and Dissemination	$ 4,505,000	To study the sustaining effects of compensatory education.
On Line Systems 115 Evergreen Heights Drive Pittsburgh, PA 15229 100-75-0195	Bureau of Student Financial Assistance	3,320,000	To develop a system to track students and funds for the Guaranteed Student Loan Program.
SRI International 333 Ravenswood Avenue Menlo Park, CA 94025 300-78-0289	Office of Evaluation and Dissemination	2,476,600	To conduct longitudinal studies of the grant cycle to measure program effectiveness in the Teacher Corps Program and of the progress in the implementation of P.L. 94-142.
Network of Innovative Schools (The) 290 South Main Street Andover, MA 01810 300-78-0527	Office of Evaluation and Dissemination	2,117,300	To conduct studies of Federal and State dissemination strategies.
Applied Management Sciences 962 Wayne Avenue, Suite 701 Silver Spring, MD 20910	Bureau of Student Financial Assistance	1,520,000	To develop a study technique to determine the degree of program abuse in student financial assistance programs.
		$13,938,900	

Mr. NATCHER. This concludes the hearings on Salaries and Expenses of the Office of Education. Mr. Pickman and Dr. Berry and all of the others, we want you to know that we appreciate your appearing before our committee at this time in behalf of your budget request.

Ms. BEEBE. Thank you very much for the nice hearing for the Office of Education.

Mr. NATCHER. Yes, this also concludes the hearings for the Office of Education. I think the hearings have been good, generally speaking.

[The following questions were submitted to be answered for the record:]

REORGANIZATION OF REGIONAL OFFICES

Mr. NATCHER. For fiscal year 1979, you show 3,515 positions. How many of these positions are in the regional offices and how many are in Washington, D.C.?

Mr. PICKMAN. There are 718 positions in the regional offices and 2,797 in Washington, D.C.?

Mr. NATCHER. Last year, you told us about your plans to shift people from the regional offices to Washington. Has this change produced any particular benefits?

Mr. PICKMAN. The Regional Offices of Educational Programs now provide a base of information and technical assistance for education in states and localities across all programs of the Education Division. Of necessity, the technical assistance is not of the decision-making type because final authority of a program rests in Washington. The overall affect in the first six months of full operation under the new structure has been to open up technical assistance and information services to a wider audience in the school community and to plan for more intensive technical assistance in program areas affecting equal educational opportunities, the handicapped, and discretionary programs directed toward school improvement. Additional examples of activities under the new structure include public hearings and briefings on Public Law 95-651, services to non-public schools called for by law, and special services on behalf of Indian education in selected regions.

Mr. NATCHER. What program responsibility remains in the regional offices?

Mr. PICKMAN. The program responsibilities of the Regional Offices of Student Financial Assistance consist of approval of claims; collection of money on defaulted loans; program reviews; lender reviews for Title VI programs; and recommendations for such corrective actions as elimination, suspension, or termination of loan and lender agreements.

The Regional Offices of Educational Programs have no direct program responsibility. They provide a communication network through which the Office of Education can determine the impact of federal education programs and the needs and problems of each region. The education communities are provided information about available federal programs and are also furnished technical assistance.

USE OF COLLECTIONS FROM DEFAULTED STUDENT LOANS

Mr. NATCHER. In the 1979 appropriation bill, Congress authorized the use of $10 million in collections on defaulted student loans. How much of the $10 million has been made available so far under this procedure?

Mr. PICKMAN. $6.9 million will have been distributed to the Bureau of Student Financial Assistance by the end of April, 1979.

Mr. NATCHER. How much in total have collections on defaulted loans increased as a result of the additional collectors?

Mr. PICKMAN. The total collected in fiscal year 1978 was $15,700,000. In just the first six months of fiscal year 1979, the total collected is $17,700,000.

Mr. NATCHER. How many collectors have been hired through these transferred funds?

Mr. PICKMAN. Presently, there are 850 term employees on-board, 137 additional are pending entrance on duty dates. Bureau of Student Financial Assistance expects to hire a total of 1,042 by April 30, 1979.

UNRESOLVED AUDITS

Mr. NATCHER. In October 1978, the General Accounting Office reported that Federal agencies have a large backlog of unresolved audit findings. It was reported that the Office of Education has 253 unresolved audits totalling $31.9 million. Describe the system used in your office for resolving auditor's findings.

Mr. PICKMAN. The Office of Education receives audits performed by the Health, Education, and Welfare Audit Agency, the General Accounting Office, and independent auditors, i.e., Certified Public Accountant firms. Office of Education officials are responsible for resolving audit findings, except in the case of discretionary program audit findings where the respective grants officer in the Division of Grants and Procurement Management is responsible for resolution. Resolution consists of reviewing auditors' findings, sustaining or not sustaining the findings, negotiating means of repayment of monetary findings, and making final determinations regarding refunds due the Office of Education and plans for implementing non-monetary findings.

As of March 1, 1979, state education agencies and local education agencies have the right to appeal program officials' determinations regarding audit findings under specified programs to Office of Education's expanded Education Appeals Board.

The Office of Education's Audit Liaison and Coordination Staff (ALCS) is responsible for assuring that program officials' resolutions are complete.

When a monetary audit deficiency is sustained, the Office of Education, Finance Division is notified of amounts to be refunded to the Office of Education through cash payments. Auditees submit verification of amounts to be refunded the Office of Education through Departmental Financial Assistance Financing System offsets against continuing awards of grants. The Finance Division is responsible for collecting and reporting cash refunds due the Office of Education.

Mr. NATCHER. What progress has been made in reducing the backlog of unresolved audits for the Office of Education?

Mr. PICKMAN. OE records show that 534 audits were open on October 1, 1978, and that the area of greatest audit activity is in Student Financial Aid. In order to decrease fraud and abuse, all institutions participating in financial aid programs are required to submit biennial audits. We are currently in the first cycle of this biennial requirement and are having to adapt the agency to the responsibility of resolving thousands of audits.

In December 1978, the Office of Education set a goal for not having more than 375 open audits on hand on December 31, 1979. We expect to receive 2,100 audits for resolution in Calendar Year 1979, compared to 770 in Calendar Year 1978. We expect to close 2,400 audits in 1979, compared to 863 in 1978.

To achieve these goals, we plan to hire additional Audit Resolution Specialists in the Bureau of Student Financial Assistance (BSFA), and to develop a contingency for detailing Regional Bureau of Student Financial Assistance staff with program expertise to Washington if resolutions begin to fall seriously behind. We will also activate an Office of Education Audit Control system for tracking the status of audits, including follow-up on non-monetary findings to assure the grantee has taken promised corrective actions.

Computer Systems Costs

Mr. NATCHER. Part of your computer system is financed from the Student Loan Insurance Fund. However, this budget for salaries and expenses shows $5.5 million for computer contracts for 1980. Why do you need $5.5 million under this appropriation account?

Mr. PICKMAN. The fiscal year 1980 Automatic Data Processing (ADP) budget anticipates no new major initiatives. The major thrust during fiscal year 1980 will be to continue our evaluation of current system activity with a view toward only supporting systems which are cost effective.

The $5.5 million is essentially for operation and maintenance of current systems. This funding which is $433,000 less than the fiscal year 1979 level will support office-wide systems such as the Financial Management System and the contracts and grants system as well as many small to medium sized systems supportive to individual Office of Education programs.

Advisory Committees

Mr. NATCHER. How many advisory committees have been abolished in the Office of Education in the past year?

Mr. PICKMAN. In fiscal year 1978 we recommended that 6 committees be combined into two committees. Congress rejected this recommendation.

The Environmental Education Advisory Council expired September 30, 1978, and the National Advisory Council on Equality of Educational Opportunity will expire September 30, 1979.

Mr. Natcher. Have you recommended legislation to abolish any statutory advisory committees? (If so, identify them)

Mr. Pickman. No, the annual comprehensive review of advisory committees is in progress. Departmental decisions are pending. When the review is completed and approved by GSA and OMB, the Commissioner will send his recommendations to the Congress in accordance with Section 448(b) of the General Education Provision Act.

[The justifications follow:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

Salaries and Expenses

Fiscal Year 1980 Budget

Page No.

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Appropriation Estimate

Salaries and Expenses

For carrying out, to the extent not otherwise provided, the General Education Provisions Act, including rental of conference rooms in the District of Columbia, [$126,830,000] *$128,353,000:* Provided, That during the current fiscal year up to [$10,000,000] *$10,500,000* in collections on Federally insured defaulted loans may be transferred to the Salaries and Expenses account for the payment of related collection activities.

Amounts Available for Obligation [1]

	1979	1980
Appropriation..................................	$126,830,000	$128,353,000
Real transfer to:		
Department of Commerce [2]...................	- 335,000	—
Comparative transfer to:		
"Student Assistance" for contractual services	- 1,843,000	—
Subtotal, budget authority...............	$124,652,000	$128,353,000
Offsetting collections from:		
"Student Loan Insurance Fund" [3].............	+ 10,000,000	+ 10,500,000
Total, obligations.....................	$134,652,000	$138,853,000

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[1] Excludes the following amount for reimbursable activities carried out by this account: 1979 - $425,000; 1980 - $425,000.

[2] Transfer of the Educational Broadcasting Facilities Program under P.L. 95-567.

[3] Collections on Federal defaulted loans to be used for related collection activities.

Summary of Changes

1979 Estimated budget authority	$124,652,000
1980 Estimated budget authority	128,353,000
Net change	+ 3,701,000

	1979 Base		Change from Base	
	Pos.	Amt.	Pos.	Amt.
Increases:				
Built-in:				
1. Annualization of unfilled positions	---	$72,184,000	---	+$4,861,000
2. Within-grade and promotional increases	---	---	---	+ 1,438,000
3. Employee benefits	---	7,484,000	---	+ 614,000
4. Two more paid days in fiscal year 1980	---	---	---	+ 597,000
5. Increased cost for rent	---	5,912,000	---	+ 779,000
Subtotal				+ 8,289,000
Program:				
1. Increased operating expenses for other personnel compensation	---	1,418,000	---	+ 389,000
2. Increased operating expenses for printing and reproduction	---	1,642,000	---	+ 508,000
Subtotal				+ 897,000
Total increases				+ 9,186,000

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Decreases:				
Built in:				
1. Savings from reduced positions	3,515	904,000	-25	- 904,000
Program:				
1. Decreased operating expenses for:				
(a) Other than permanent positions..................	---	2,891,000	---	- 408,000
(b) Travel and transportation of things..................	---	5,624,000	---	- 1,295,000
(c) Communications and utilities..................	---	11,568,000	---	- 1,094,000
(d) ADP......................	---	5,933,000	---	- 433,000
(e) Other services............	---	8,343,000	---	- 1,014,000
(f) Supplies..................	---	977,000	---	- 65,000
(g) Equipment..................	---	476,000	---	- 272,000
Subtotal.............			---	- 4,581,000
Total decreases...			-25	- 5,485,000
Net change........			-25	+ 3,701,000

Budget Authority by Activity

	1979 Estimate		1980 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Program administration.........	3,481	$116,419,000	3,462	$119,408,000	-19	+$2,989,000
Advisory committees.......	34	2,321,000	28	2,254,000	- 6	- 67,000
Standard level user charge......		5,912,000		6,691,000		+ 779,000
Total, budget authority...	3,515	124,652,000	3,490	128,353,000	-25	+ 3,701,000

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Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Total number of permanent positions.........	3,515	3,490	- 25
Full-time equivalent of all other positions.	166	144	- 22
Average number of all employees............	3,582	3,698	+ 116
Personnel compensation:			
Permanent positions......................	$ 72,184,000	$ 78,176,000	+$5,992,000
Positions other than permanent............	2,891,000	2,483,000	- 408,000
Other personnel compensation..............	1,418,000	1,807,000	+ 389,000
Subtotal..........................	76,493,000	82,466,000	+ 5,973,000
Personnel benefits.........................	7,484,000	8,098,000	+ 614,000
Travel and transportation of persons........	5,534,000	4,279,000	- 1,255,000
Transportation of things....................	90,000	50,000	- 40,000
Rent..	5,912,000	6,691,000	+ 779,000
Communications and utilities................	11,568,000	10,474,000	- 1,094,000
Printing and reproduction...................	1,642,000	2,150,000	+ 508,000
Other services:			
ADP contracts..............................	5,933,000	5,500,000	- 433,000
Other services.............................	8,543,000	7,529,000	- 1,014,000
Subtotal..........................	14,476,000	13,029,000	- 1,447,000
Supplies and materials......................	977,000	912,000	- 65,000
Equipment...................................	476,000	204,000	- 272,000
Total budget authority by object..	124,652,000	128,353,000	+ 3,701,000

Significant Items in House and Senate Appropriations Committees Reports

Item	Action taken or to be taken
1979 Senate Report	
Consultant costs	
1. The Committee directed the Secretary to submit a report to it, within 60 days from the date of their report, providing a distribution of the $194 million allowed for consultant costs. This report should be accompanied by recission requests for the portion of the $42 million that is neither appropriated nor necessary for the conduct of in-house evaluation and other supportive activities. Also expected are reprogramming requests for amounts which can be targeted on high priority programmatical activities.	1. The report was transmitted to the Committee on January 5, 1979. Included in the report was the allocation of the $194 million allowance for consultant costs, and an explanation of how the appropriated funds in excess of the allowance for consultant costs will be used.
2. The Committee indicated its expectation that the Office of Education give a higher priority to timely announcement of grants and contract awards, timely issuance of regulations, and improvement of basic services to schools. Included in the report were the Committee's specific recommendations for the reallocation of positions within the Office of Education.	2. The Office of Education has been engaged in a continuous review of its personnel distribution. Our proposed fiscal year 1980 budget, while not coinciding precisely with the Committee's allocation, is in agreement with the Committee's basic objectives. A response addressing the Committee's concerns will be forthcoming.

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Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Salaries and expenses:				
1. Program administration (GEPA, Part C)..........	Indefinite	$122,331,000	Indefinite	$126,099,000
2. Advisory committees (GEPA, Part D)..........	Indefinite	2,321,000	Indefinite	2,254,000
Total BA....................		124,652,000		128,353,000

Salaries and Expenses

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1970	$ 75,402,000	$ 75,402,000	$ 73,166,000	$ 73,428,000
1971	95,447,000	93,862,000	87,172,000	87,172,000
1972	88,104,000	87,754,000	86,059,000	87,059,000
1973	94,384,000	94,384,000	91,161,000	91,911,000
1974	95,982,000	88,968,000	80,734,000	82,094,000
1975	100,065,000	97,739,000	92,876,000	93,494,600
1976	95,231,000	92,547,000	90,430,000	90,430,000
Transition Quarter	22,959,000	22,959,000	22,959,000	22,959,000
1977	103,631,000	105,625,000	105,625,000	105,625,000
1978	121,008,000	118,050,000	118,050,000	118,050,000
1979	124,988,000	124,652,000	124,652,000	124,652,000
1980	128,353,000			

Justification

Salaries and Expenses

1979 Estimate		1980			Increase or Decrease	
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Pos.	Budget Authority
1,515	$124,652,000	Indefinite	1,490	$128,353,000	-25	+$3,701,000

General Statement

The Salaries and Expenses account provides funds for carrying out the General Education Provisions Act by funding program administration and advisory committees.

In fiscal year 1980, funding under Salaries and Expenses will be used to carry out programs which are designed to promote access to a quality education, especially for disadvantaged groups, and to stimulate new directions in education.

The Office of Education's efforts to reduce fraud, waste, and abuse will be expanded in 1980, and there will be an increased emphasis on the claims collection activities in the regions. In addition, the areas of administrative support such as Regulations, Budget, Finance, and Grants and Procurements have all been significantly strengthened. This will mean a more timely issuance of regulations, more accurate financial information and more effective financial management, and a more timely processing of applications and awarding of grants.

This budget reflects the increased Office of Education emphasis on improved services to the disadvantaged. New positions in this significant area are requested for BESE-Grants for the Disadvantaged, BHCE-Strengthening Developing Institutions, BHCE-Special Programs for the Disadvantaged (TRIO), and BHCE-Graduate/Professional Educational Opportunities. A primary objective in these areas also will be to bring fraud, waste, and abuse under control.

The Office of Education has reevaluated its staffing needs for fiscal year 1980. An internal reallocation of positions to high priority areas has resulted in a net decrease of 25 full-time permanent positions from the 1979 level, with reductions in general agency overhead positions, such as in the Office of the Commissioner, and a more efficient utilization of staff resources in the Bureaus, such as the Office of Evaluation and Dissemination, the Bureau of Student Financial Assistance, and the Bureau of Occupational and Adult Education.

The primary dollar increases over comparable fiscal year 1979 levels are associated with the annualization of unfilled positions and other forms of direct and indirect personnel compensation. There have also been increases in the costs for rent, and printing and reproduction.

This budget reflects attempts to maintain tighter expenditure controls, to eliminate low priority services, and to improve the management of administrative services. There have been reductions in many of the agency's operating expenses, including travel, contractual services, supplies, equipment, temporary and part-time positions, and communications and utilities.

1. Program Administration
(General Education Provisions Act, Part 4)

1979 Estimate		1980			Increase or Decrease	
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Pos.	Budget Authority
3,481	$122,331,000	Indefinite	3,462	$126,099,000	-19	+$3,768,000

Purpose and method of operations

Program Administration provides staffing and funds to carry out the Office of Education's role in assisting State and local education agencies, administering and monitoring Federal education programs, and promoting the cause of education.

1980 budget policy

The Office of Education's fiscal year 1980 request for Program Administration is $126,099,000 and 3,462 full-time permanent positions, an increase of $3,768,000 and a net decrease of 19 positions from the fiscal year 1979 level of $122,331,000 and 3,481 positions. This budget reflects the reorganization that has taken place within the Office of Education. Under the reorganization, two Executive Deputy Commissioners have been established, one responsible for educational programs, to whom all Bureaus and the Regional Offices report, and the other responsible for Resources and Operations.

SUMMARY OF POSITIONS

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Office of the commissioner	136	124	-12
Executive deputy commissioner for educational programs	188	198	+10
Executive deputy commissioner for resources and operations	87	110	+23
Office of management	510	567	+57
Office of evaluation and dissemination	88	83	- 5
Bureau of education for the handicapped	190	190	---
Bureau of elementary and secondary education	509	521	+12
Bureau of higher and continuing education	286	322	+36
Bureau of occupational and adult education	250	205	-45
Bureau of student financial assistance	1,057	974	-83
Regional offices of educational programs	180	168	-12
Total	3,481	3,462	-19

Office of the Commissioner

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Program direction	32	28	-4
Immediate office of the commissioner	13	12	-1
Executive assistant	5	4	-1
Policy studies	9	9	---
Energy office	5	3	-2
Executive operations	33	34	+1
Office of the director	2	2	---
Management information tracking system	2	3	+1
Action unit	4	4	---
Executive office	6	6	---
Executive secretariat	19	19	---
Liaison and coordination	71	62	-9
Education community liaison	11	7	-4
Office of legislation	14	14	---
Office of public affairs	46	41	-5
Total	136	124	-12

The Office of the Commissioner requests 124 positions in fiscal year 1980, a decrease of 12 positions from fiscal year 1979.

The Commissioner of Education is one of the Nation's primary spokespersons for educational concerns. The Commissioner manages and directs the affairs of the Office of Education and coordinates activities not properly assignable to the operating components of the Agency. Among these activities are: formulation of policy and resolution of major policy issues; dissemination of information to and liaison with the White House, the Congress, and the Office of Management and Budget about the legislative programs of the Office of Education; administration of a comprehensive public information program; and liaison between the Office of Education and interest groups and national organizations concerned with educational issues.

Due to a reduction in workload in the areas of policy participation and planning, and liaison with constituents, the Education Community Liaison staff will operate with four fewer positions in fiscal year 1980.

The Office of Public Affairs will have a net decrease of five positions in fiscal year 1980, as a result of more efficient office operations.

Program Direction will have a net decrease of four positions due to an effort to reduce overhead positions.

Executive Deputy Commissioner for Educational Programs

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Program direction	19	22	+ 3
Immediate office of the executive deputy commissioner	12	12	—
Regional liaison	7	5	- 2
Office of private schools	—	5	+ 5
Special concerns	25	26	+ 1
Equal employment opportunity	7	8	+ 1
Black concerns	4	4	—
Hispanic concerns	5	5	—
Asian and Pacific Americans concerns	3	3	—
Handicapped concerns	3	3	—
Women's concerns	3	3	—
Elementary and secondary education	74	80	+ 6
Bilingual education	48	48	—
Basic skills improvement (Right to read)	26	29	+ 3
Achievement testing	—	3	+ 3
Special projects	30	35	+ 5
Career education	20	20	—
Women's educational equity	7	7	—
Arts in education	3	3	—
Youth employment program	—	5	+ 5
Training programs	40	35	- 5
Teacher corps	40	35	- 5
Total	188	198	+10

The Office of the Executive Deputy Commissioner for Educational Programs requests 198 positions in fiscal year 1980, an increase of ten positions over fiscal year 1979.

The Executive Deputy Commissioner for Educational Programs directs and administers the operation of the educational programs in the Office of Education and oversees the administration of the operating Bureaus and the Regional Offices. The Executive Deputy Commissioner for Educational Programs also coordinates the administration of: Bilingual Education, Teacher Corps, Basic Skills Improvement, Career Education, Women's Educational Equity, Arts in Education, and Cities in Schools. In addition, the Executive Deputy Commissioner for Educational Programs coordinates the efforts of several internal advisory groups representing the special educational concerns of specific clientele. These advisory groups include: Equal Employment Opportunity staff, Black Concerns staff, Hispanic Concerns staff, Women's Concerns staff, Asian and Pacific Americans Concerns staff, and the Handicapped Concerns staff.

Additionally, the Executive Deputy Commissioner for Educational Programs will direct and administer the operation of the newly created Office of Private Schools and three new programs: the Basic Skills program, the Youth Employment program and the Achievement Testing program.

Five new positions will be required for the Office of Private Schools. Five additional positions will be required to administer the new Youth Employment program.

An additional three positions are required to initiate the Basic Skills Improvement program. This is in addition to the twenty-six positions that were in the old Right to Read program. The Achievement Testing program will require three new positions.

Executive Deputy Commissioner for Resources and Operations

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Immediate office of the executive deputy commissioner	5	8	+ 3
Executive staff	11	11	==
Audit liaison and coordination	9	13	+ 4
Regulations staff	16	19	+ 3
Planning and budgeting	33	37	+ 4
Horace Mann learning center	13	22	+ 9
Total	87	110	+23

The Office of the Executive Deputy Commissioner for Resources and Operations requests 110 positions in fiscal year 1980, an increase of 23 positions over fiscal year 1979.

The Executive Deputy Commissioner for Resources and Operations coordinates and directs all support activities, including the Office of Management and the Office of Evaluation and Dissemination, and serves as the principal advisor to the Commissioner on matters of administrative management and program evaluation. Organizations attached directly to the Executive Deputy Commissioner's office provide regulations development and audit liaison services, and prepare proposed plans and budgets for the entire agency. The administration and operation of the Horace Mann Learning Center are also under the direction of the Executive Deputy Commissioner for Resources and Operations.

The additional positions for audits, regulations, and planning and budgeting are needed to improve the overall operation of these activities. An increase in workload along with a need to perform these operations in a more timely manner requires a staffing increase of 11 positions in these areas.

The nine additional positions for the Horace Mann Learning Center will provide the necessary staff to operate this organization as it was proposed.

The additional positions for the immediate office is a requirement necessitated by an internal realignment of duties.

Office of Management

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Bureau overhead	10	10	---
Office of the deputy commissioner	6	6	---
Committee management	4	4	---
Division of personnel administration	61	58	- 3
Management systems and analysis	95	100	+ 5
Administrative services division	82	82	---
Finance division	115	130	+15
Grant and procurement management division	147	187	+40
Total	510	567	+57

The Office of Management requests 567 positions in fiscal year 1980, an increase of 57 positions over fiscal year 1979. The Office of Management provides a broad range of management support services to all Office of Education program activities in the areas of personnel management, administrative services, automatic data processing, management systems, financial management, and grant and contract administration.

Fifteen additional positions are requested for the Finance Division to absorb the additional workload generated by an overall Departmental initiative to improve the financial management system. The increase will enable the division to reduce the number of errors requiring corrections, and allow for a more even distribution of of the workload within the division.

Forty additional positions are proposed to be reallocated to the Grant and Procurement Management Division to meet an increasing workload, and to insure a more timely announcement of contract and grant awards. In fiscal year 1980, it is projected that the division will award 13,500 grants and 1,200 contracts as compared to 12,500 grants and 1,000 contracts awarded in fiscal year 1979.

Five additional positions are requested for the Management Systems and Analysis Division. These positions are systems analyst/computer programmer positions necessary to improve computer efficiency and effectiveness. The positions will also provide a sizeable reduction in computer time and other contract costs.

Office of Evaluation and Dissemination

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Bureau overhead	10	8	-2
Immediate office of the assistant commissioner	10	8	-2
Planning and evaluation	48	45	-3
National diffusion program	30	30	---
Total	88	83	-5

The Office of Evaluation and Dissemination requests 83 positions in fiscal year 1980, a decrease of 5 positions from fiscal year 1979.

The Office of Evaluation and Dissemination is responsible for evaluating the effectiveness of the Office of Education programs, and coordinating dissemination policies and activities throughout the Office of Education. The staff also designs and conducts special studies necessary for the planning of educational programs, and provides advice on formulation of OE policies and legislative proposals based on the findings of planning and evaluation studies. A program of centers to provide technical assistance to local education agencies on evaluation methods and procedures is administered here also.

Efficiency in operations in this office has resulted in a savings of five positions for fiscal year 1980.

Bureau of Education for the Handicapped

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Program direction and coordination	22	22	---
Immediate office of the deputy commissioner	8	8	---
Executive staff	7	7	---
Planning staff	6	6	---
Recruitment and information	1	1	---
Education for the handicapped	58	58	---
State assistance			
State grant program	54	54	---
Deaf-blind center	4	4	---
Special population programs	14	14	---
Severely handicapped projects	4	4	---
Early childhood education	10	10	---
Regional vocational, adult and postsecondary programs	2	2	---
Innovation and development	42	42	---
Media and resource services	17	17	---
Media services and captioned films	10	10	---
Regional resource centers	7	7	---
Special education personnel development	28	28	---
Special projects and training programs			
Mandated programs			
Gifted and Talented	7	7	---
Total	190	190	---

The Bureau of Education for the Handicapped requests 190 positions for fiscal year 1980, the same as fiscal year 1979.

The Bureau will administer 13 separate programs of financial support in fiscal year 1980 for education of the handicapped. The Bureau is also responsible for the Gifted and Talented program and the Presidential Scholars program.

Bureau of Elementary and Secondary Education

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Program direction and coordination	63	58	- 5
Immediate office of the deputy commissioner	7	7	---
Associate commissioner of equal educational opportunity programs	5	5	---
Associate commissioner of compensatory education programs	7	7	---
Special projects staff	5	5	---
Indochinese refugee staff	4	4	---
Associate commissioner of State and local education programs	8	8	---
Associate commissioner of libraries and learning resources	4	4	---
Executive staff	23	18	- 5
Elementary and secondary education	187	193	+ 6
Grants for disadvantaged	105	120	+15
Support and innovation grants	41	35	- 6
Drug abuse	6	6	---
Environmental education	9	8	- 1
Follow through	26	24	- 2
School assistance in federally affected areas	98	98	---
Maintenance and operations	88	88	---
Construction	10	10	---
Emergency school aid	99	106	+ 5
Training and advisory services	18	18	---
Library resources	36	35	- 1
Public libraries	11	15	+ 4
Libraries and instructional resources	10	10	---
College library resources	5	1	- 4
Training and demonstrations	6	6	---
Undergraduate instructional equipment	1	---	- 1
Strengthening research libraries	3	3	---
Special projects and training programs	8	15	+ 7
Discretionary programs			
PUSH/EXCEL	---	1	+ 1
School finance	5	5	---
Educational television	3	3	---
School health	---	3	+ 3
Biomedical sciences	---	3	+ 3
Total	509	521	+12

454

The Bureau of Elementary and Secondary Education requests 521 positions in fiscal year 1980, an increase of 12 positions over fiscal year 1979.

The Bureau administers 35 Elementary and Secondary Education programs which effectively reach 50 million school children in public and private schools, and libraries in 16,000 school districts of the 57 states and outlying areas. Support is provided through formula grants, discretionary grants, and contracts to State and local educational agencies, State library agencies, colleges and universities.

Fifteen additional positions are required for the Grants for the Disadvantaged program. The Concentration Grants program is a new initiative, and the identification and elimination of fraud, waste, and abuse is a major program objective requiring additional staff.

An additional five positions will be utilized in the Emergency School Aid program to handle the additional workload generated by increased monitoring activities directed towards the reduction of fraud, waste, and abuse.

Public Libraries requests an additional four positions as part of an internal reallocation of positions to more evenly distribute the workload.

Three new program areas will require a total of seven new positions. They are the School Health program, PUSH/EXCEL and the Biomedical Sciences program.

Bureau of Higher and Continuing Education

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Program direction and coordination	33	33	---
Immediate office of the deputy commissioner	16	16	---
Executive staff	12	12	---
Planning staff	5	5	---
College and university staff	3	3	---
Community college staff	3	3	---
Accreditation and institutional eligibility	32	37	+ 5
International activities	15	15	---
Educational activities overseas	3	3	---
Ethnic heritage studies	5	3	- 2
Special programs for the disadvantaged	50	58	+ 8
Institutional assistance	64	79	+15
Strengthening developing institutions	51	66	+15
Construction	13	13	---
Higher education assistance	58	63	+ 5
Language training and area studies	16	16	---
Fulbright-Hays fellowships	8	8	---
University community services	9	9	---
State postsecondary education commissions	3	3	---
Veterans' cost of instruction	13	13	---
Cooperative education	9	14	+ 5
Graduate support	20	25	+ 5
Law school clinical experience	2	2	---
Graduate/professional educational opportunities	5	7	+ 2
Public service fellowships	3	3	---
Mining fellowships	3	3	---
Teacher Centers	7	10	+ 3
Total	286	322	+ 36

The Bureau of Higher and Continuing Education requests 322 positions in fiscal year 1980, an increase of 36 positions over fiscal year 1979.

The Bureau administers 31 programs that provide assistance to students, institutions and State agencies, and organizations of higher education.

Eight additional positions are requested to handle the additional workload in the Special Programs for the Disadvantaged activity. A primary objective will be to improve the management and quality of the 1,000 ongoing projects and to refine and concentrate efforts to detect and eliminate inefficiencies in the use of Federal funds.

Seven positions are requested for the Graduate/Professional Educational Opportunities program in fiscal year 1980. This represents an increase of two positions over fiscal year 1979. It is anticipated that 400 institutions of higher education will apply for fellowship awards and between 250-300 institutions of higher education will apply for grants to strengthen and improve the quality of graduate programs, with emphasis on minority enrollments.

An additional five positions for accreditation and agency evaluation will enable the Bureau to perform an additional 80 evaluations and improve the overall program administration.

Fifteen additional positions are requested for Strengthening Developing Institutions to improve program monitoring and provide adequate technical assistance.

An increase of five positions for Cooperative Education will enable the program to increase its rate of site visits from the current one every ten years to one every three years and to reduce the current backlog of unanalyzed performance reports from 1,000 to 600 over the next 18 months.

Three additional positions for the Teacher Centers program will enable the program to absorb the increase in workload and maintain the current level of effort.

Bureau of Occupational and Adult Education

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Program direction and coordination	20	20	---
Immediate office of the deputy commissioner	9	9	---
Executive staff	7	7	---
Planning staff	4	4	---
Occupational planning	10	10	---
CETA activities	5	5	---
Occupational, vocational and technical education	105	75	-30
Vocational education			
Grants to States for vocational education			
Consumer homemaking			
Disadvantaged			
Programs of national significance	52	37	-15
Bilingual vocational education	3	3	---
Adult education	32	32	---
Innovative and experimental programs	23	23	---
Mandated programs			
Metric	6	6	---
Community schools	7	7	---
Consumer education	6	6	---
National occupational information			
Coordinating committee	4	4	---
Total	250	205	-45

The Bureau of Occupational and Adult Education requests 205 positions to administer the Vocational, Adult and Special programs in fiscal year 1980, a decrease of 45 positions from fiscal year 1979.

The Bureau administers programs in the Office of Education for the improvement of vocational and adult education. Support is provided to State and local educational agencies, institutions of higher education, and public and private organizations through formula and discretionary grants and contracts. In addition, the Bureau administers technical assistance programs including Consumer, Metric, Community and the Comprehensive Employment and Training Act.

The decrease of 45 positions will come from the Occupational, Vocational and Technical Education programs, and from the Programs of National Significance. A reduction in workload and an increase in staff efficiency has allowed for this reduction in staff.

Bureau of Student Financial Assistance

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Program direction and coordination	30	24	- 6
Immediate office of the deputy commissioner	10	9	- 1
Executive staff	16	12	- 4
Regional liaison	4	3	- 1
Headquarters office of student financial assistance	489	402	-87
Compliance	38	30	- 8
Training and dissemination	42	35	- 7
Certification and program review	104	80	-24
Program operations	168	135	-33
Quality assurance	25	16	- 9
Systems design and development	24	21	- 3
Policy and procedure development	88	85	- 3
Regional offices of student financial assistance	538	548	+10
Administration and support	38	33	- 5
Compliance	45	44	- 1
Training and dissemination	40	40	---
Certification and program review	126	126	---
Claims and collections	289	305	+16
Total	1057	974	-83

The Bureau of Student Financial Assistance requests 974 positions in fiscal year 1980, an increase of ten regional positions and a decrease of 93 headquarters positions from fiscal year 1979.

The Bureau oversees and administers direct assistance programs for students (Basic Grants, Supplemental Opportunity Grants, Work-Study, Direct Loans, Incentive Grants for State scholarships, Guaranteed and Health Student Loans) to provide access to postsecondary education. In 1980, over 5 million awards will be provided to students to eliminate financial barriers and to allow for a measure of choice for all students in the selection of a postsecondary institution.

In fiscal year 1979, the enactment of the Middle Income Student Assistance Act expanded student eligibility in this Bureau's programs to include students from middle-income families. In fiscal year 1980, there will be a further extension of eligibility with an additional 60,000 independent students qualifying for Basic Grants.

Since the fiscal year 1979 budget, the Bureau has been reorganized along functional lines. With the reorganization in place, the Bureau has been able to save a total of 83 positions. This savings is a result of organizing in a manner that has provided for a more efficient utilization of human resources.

Regional Offices of Educational Programs

	1979 Estimated No. of Pos.	1980 Estimated No. of Pos.	Increase or Decrease
Immediate office of the regional commissioners	20	20	---
Intergovernmental and special services	20	20	---
Educational services	90	80	-10
Educational dissemination	50	48	- 2
Total	180	168	-12

The Regional Offices of Educational programs request 168 positions in fiscal year 1980, a decrease of 12 positions from fiscal year 1979.

As restructured under the Department of Health, Education, and Welfare reorganization, the Regional Offices of Educational programs serve as centers for the dissemination of information about the activities of the agencies in the Education Division and provide technical assistance to State and local educational agencies, institutions, organizations and individuals having an interest in Federal education activities. As a result of the reorganization and redefinition of regional responsibilities, a 12-position savings will be realized.

2. Advisory Committees
(General Education Provisions Act, Part D)

1979 Estimate		1980			Increase or Decrease	
Pos.	Budget Authority	Authorization	Pos.	Budget Authority	Pos.	Budget Authority
34	$2,321,000	Indefinite	28	$2,254,000	-6	-$67,000

Purpose and method of operations

To provide the Commissioner of Education, the President, and the Congress with recommendations concerning the administration and operation of educational programs in the Office of Education, advisory committees are supported under this activity. Their recommendations may address changes in both the Federal law and the administration and coordination of Office of Education programs. The committees are required to make annual reports of their findings to the Commissioner, the Secretary of the Department of Health, Education, and Welfare, or the President, for transmittal to the Congress.

1980 budget policy

Funds are required to compensate committee members, to enable attendance at conferences and meetings, to finance studies, to publish and disseminate committee findings and recommendations, and to provide special professional, clerical, and technical assistance to support committee activities.

As ongoing objectives, the 12 advisory committees will advise the Commissioner concerning the administration of educational programs, assess their current status and recommend legislative changes to improve educational programs. They will analyze and evaluate program effectiveness in their annual reports and recommend improvements in the quality and relevance of the overall educational process.

An additional two committees will provide advice on special programs for part of the fiscal year. The following committees will be supported:

Presidential Advisory Committees:

Adult Education
Education of Disadvantaged Children
Extension and Continuing Education
Vocational Education
Women's Educational Programs
Foreign Language and International Studies

Other Advisory Committees:

Accreditation and Institutional Eligibility
Black Higher Education and Black Colleges and Universities
Career Education
Community Education
Developing Institutions
Ethnic Heritage Studies
Financial Aid to Students
National Center for Research in Vocational Education

THURSDAY, MARCH 29, 1979.

NATIONAL INSTITUTE OF EDUCATION

WITNESSES

PATRICIA ALBJERG GRAHAM, DIRECTOR, NATIONAL INSTITUTE OF EDUCATION
MICHAEL TIMPANE, DEPUTY DIRECTOR
GLADYS KEITH HARDY, DEPUTY DIRECTOR FOR MANAGEMENT
THOMAS SKELLY, BUDGET ANALYST
MARY BERRY, ASSISTANT SECRETARY FOR EDUCATION
CARL PFORZHEIMER, MEMBER OF NATIONAL COUNCIL ON EDUCATIONAL RESEARCH
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Mr. NATCHER. We take up next the National Institute of Education.

In addition to Dr. Berry, we have Dr. Patricia Graham, the Director of the National Institute of Education.

INTRODUCTION OF ASSOCIATES

Dr. Graham, who do you have with you?

Dr. GRAHAM. Thank you, Mr. Chairman. I would like to present Carl Pforzheimer, who is the member of the National Council on Educational Research, which is the policymaking board for the National Institute of Education. Mr. Pforzheimer has been a member of the NCER since its inception.

To my right is Michael Timpane, Deputy Director, Gladys Keith Hardy, Deputy Director for Management and Thomas Skelly, Budget Analyst.

Mr. NATCHER. Dr. Graham, we have had an opportunity to examine your statement. It is an excellent statement. We will insert your statement in the record in its entirety at this point, and we will be pleased to hear you highlight this statement.

[The information follows:]

PATRICIA ALBJERG GRAHAM

EDUCATION:

Attended University of Wisconsin, 1952-53
B. S. "With Highest Distinction" Purdue University, 1953-55
M. S. Purdue University, 1956-57
Ph. D. Columbia University, 1964
M. A. (Honorary) Harvard University, 1974
D. H. L. (Honorary) Manhattanville College, 1976
L. L. D. (Honorary) Beloit College, 1977
L. L. D. (Honorary) Clark University, 1978
D. P. A. (Honorary) Suffolk University, 1978
Award for Distinguished Services, Teachers College,
Columbia University, May 17, 1978

TEACHING EXPERIENCE:

Deep Creek High School, Norfolk County, Virginia, 1955-56

Maury High School, Norfolk, Virginia, 1957-58

St. Hilda's and St. Hugh's School, New York City
Chairman, History Department, 1958-60
Part-time College Advisor, 1961-63, 1965-67

Indiana University, Bloomington, Indiana
Lecturer, School of Education, 1964-65
Assistant Professor, School of Education, 1965-66

Barnard College, Columbia University, New York City
Assistant Professor and Director, Education Program, 1965-68
Associate Professor, 1968-72
Professor, 1972-74

Teachers College, Columbia University, New York City
(concurrent with Barnard appointment, beginning 1966)
Assistant Professor of History and Education, 1966-68
Associate Professor of History and Education, 1968-72
Professor of History and Education, 1972-74

Northern Michigan University, Distinguished Visiting
Professor, Summer 1972

Harvard University
Graduate School of Education
Professor, 1974 - (on leave 1977 -)

ADMINISTRATIVE EXPERIENCE:

Executive Assistant, Inter-University Committee on
Travel Grants, Bloomington, Indiana, 1963-64

Director, Education Program, Barnard College,
Columbia University, 1965-74

ADMINISTRATIVE EXPERIENCE (contd.)	American Council on Education, Fellow in Academic Administration, Princeton University, 1969-70 Co-Director, American Council on Education Annual Meeting 1972 Dean, Radcliffe Institute and Vice-President for Institutional Planning, Radcliffe College, 1974-76 Dean, Radcliffe Institute and Vice-President, Radcliffe College, 1976-77
POST-DOCTORAL FELLOWSHIPS	Radcliffe Institute Fellow, 1972-73 John Simon Guggenheim Fellow, 1972-73
PRESIDENTIAL APPOINTMENT:	Director, National Institute of Education, DHEW, 1977 -

PUBLICATIONS - BOOKS:

Progressive Education: From Arcady to Academe, A History of the Progressive Education Association. New York: Teachers College Press, 1967.

Community and Class in American Education, 1865 - 1918, New York: John Wiley, 1974.

Women in Higher Education, Co-edited with W. Todd Furniss, Washington, D. C.: American Council on Education, 1974.

PUBLICATIONS - SELECTED ARTICLES

"Educating the City's Children," in Governing the City, D. Caraley and R. Connery, eds., New York: Praeger, 1969.

"Women in Academe," Science 169: 1284-1290, 25 September 1970; reprinted several places.

"Carleton Washburne, A Biographical Essay," in Leaders in Education, Robert Havighurst, ed., NSSE Yearbook, 1971, 487-494.

"Women in Academic Life," in Annals of the New York Academy of Sciences, Vol. 208, 227-336, March 15, 1973.; reprinted in Ruth Kundsin, ed., Women and Success, New York: William Morrow, 1973.

"Status Transitions of Women Students, Faculty, and Administrators," Alice Rossi and Ann Calderwood, eds., Academic Women on the Move, New York: Russell Sage Foundation, 1973.

"Expansion and Exclusion: A History of Women in American Higher Education" Signs: Journal of Women in Culture and Society, 1978, Vol. 3, No. 4, The University of Chicago Press.

PUBLICATIONS - SELECTED ARTICLES (contd.)

Biographical notes on Elisabeth A. Irwin and Caroline B. Zachry, *Dictionary of Notable American Women*.

Article on Progressive Education Movement in *Macmillan Encyclopedia of Education*.

"America's Unsystematic Education System," *American Education* 10: 12-19 July 1974.

Essay review (co-authored with Joseph G. Brennan) of The Life and Mind of John Dewey, Educational Studies 5: 27-34, Spring/Summer 1974.

Book reviews in various professional journals.

PROFESSIONAL ACTIVITIES AND AWARDS:

American Association of University Professors, Committee on the Status of Women, 1970-73; American Historical Association, Committee on the Status of Women, 1970-71, chairman, 1971-72; elected post-doctoral member, Society for Religion in Higher Education, 1970; elected Foundation Member, Purdue University Chapter Phi Beta Kappa, February 1971; Board of Editors, *Soundings*, 1971-75; Panel on Alternative Approaches to Graduate Education of the Graduate Record Examination Board, 1972-73, contribution to its publication: *Scholarship for Society*; History of Education Society, Vice President 1971-72, President 1972-73, Board of Directors 1973-74; Board of Trustees, The Dalton School, New York City, 1973-76; American Friends' Service Committee delegation to the USSR, 1973; Advisory Board, *Signs*, 1974-77; Board of Scholars, Higher Education Research Institute, 1974-77; Panel of Educational Testing Service on Undergraduate Testing, 1976-77; Board of Trustees, Beloit College, Beloit, Wisconsin, 1976-77; Department of History, Advisory Council, Princeton University, 1975-77; Board of Directors, Josiah Macy, Jr., Foundation, 1976-77.

PERSONAL INFORMATION:	Born February 9, 1935, Lafayette, Indiana Daughter of Victor L. and Marguerite Hall Albjerg Married Loren R. Graham, September 6, 1955 Daughter, Marguerite Elizabeth, born January 12, 1957
HOME ADDRESS:	4600 Connecticut Ave., N.W., Apt. 201 Washington, D. C. 20008

NATIONAL INSTITUTE OF EDUCATION

Statement of the Director, Patricia Albjerg Graham

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present the Fiscal Year 1980 budget request of $98.3 million for the National Institute of Education (NIE). The request represents an increase of $1.5 million over a comparable Fiscal Year 1979 appropriation.

NEW RESULTS

Mr. Chairman, last year I outlined for you the successful results of projects initiated several years ago. I am pleased to be able to note that the conferees on the 1978 Education Amendments spoke of the high quality and utility of the NIE Title I study and of their conviction that the Institute had "matured" into a "unique and solid resource" for educators and policymakers alike. And I believe that last year's productive record continues. For example:

- building upon the success of the National Conference on Achievement Testing and the Basic Skills which we organized for the Department last year, our Teaching and Learning Program is organizing eight regional conferences on testing to inform teachers, administrators, legislators, and parents of the 50 states and the territories of the uses and limitations of tests -- the first conference in Detroit will be held on March 27 and 28;
- the program on Educational Policy and Organization is funding a Teachers Centers Exchange at the Far West Lab to provide information and technical assistance to the expanding nationwide network of teachers' centers;

o developing policies for effective bilingual education programs has been severely hampered by the absence of adequate information; NIE, therefore, is engaged in a major effort to identify children needing bilingual education and to provide information about effective programs for them;

o the Northwest Lab, with NIE support, is providing training assistance to the teachers in Indian schools throughout the region to improve reading instruction;

o we are in the first year of funding the Southeast Consortium -- a joint effort by 10 Chief State School Officers to identify regional educational problems and apply research results to their resolution;

o the program on Dissemination and Improvement of Practice has developed a guide on what we know about the most effective approaches to teaching reading -- we anticipate that this guide will be as popular with teachers as a 1977 NIE publication, A Teachers Guide to the Cognitive Development of Young Children, which is now in its second printing;

o we have also published several documents designed specifically to help teachers and administrators; for example, we published an index of tests available for bilingual children and Plain Talk About School Finance, which have been received enthusiastically by teachers and the general public;

o our desegregation studies unit has recently completed development of a team learning process which has been found to be very useful in promoting basic skills acquisition in recently desegregated schools; the unit has also published a Citizens' Guide to School Desegregation Law.

In short, I believe we have made every effort to follow the directive from the Appropriations Committees to continue our efforts to improve the "basic educational system."

MANAGEMENT IMPROVEMENTS

Mr. Chairman, significant management improvements have also taken place at NIE during the past year. I believe these changes will enable the Institute more efficiently and effectively to pursue its fundamental goals of increasing educational equity and improving educational practice.

In the last year, NIE was successfully reorganized, reducing the number of administrative units from 8 to 4, the number of program areas from 6 to 3, and the number of divisions from 29 to 16. Of the 16 top leadership positions within NIE, half were recruited from outside and half were promoted within the agency. This combination provides vital new ideas and directions while retaining the experience of those employees who have contributed to the development of the Institute.

All of us are interested in identifying talent from every sector of society and, at present, 7 of the top positions are filled by women, while minority representation has grown from 0 percent in 1977 to 31 percent now.

We have also increased the number of teachers and practitioners involved in the peer review of research proposals. For example, four classroom teachers were on this year's twelve-member site review team for the Center for the Study of Reading. Their comments help us ensure that research will be more likely to help improve practice.

LABS AND CENTERS

In the coming year, NIE will work with the labs and centers to implement long-term institutional arrangements. The Congressionally-established Panel for the Review of Laboratory and Center Operations submitted its report to the Congress in January, and the report commended NIE for the progress it had made in improving relationships and offered several useful suggestions to us. We are now in the process of meeting with the directors of the labs and centers to develop and implement future plans. Since we are just under way with this process, I cannot define precisely the nature of the relationship with each of the labs and centers, but I do want to touch upon several significant changes we have made.

First, we have appointed individual institutional monitors at NIE to coordinate Institute activities at each specific lab and center. This replaces the fragmented approach, under which each lab or center worked with many different NIE staff members who might not be aware of projects outside of their expertise.

Second, we have created, in my office, a staff to help solve problems encountered by labs and centers and other organizations.

Third, in February NIE program staff met with over 70 lab and center staff members to discuss NIE's research plans.

Finally, last month I invited five of the nine centers and five of the eight laboratories to enter into long-term relationships with the National Institute of Education. Moreover, we are prepared to negotiate long-term relationships with three additional institutions. Shorter-term funds for planning and strengthening were awarded to two labs and centers; and the decisions on the remaining two were postponed until their newly-developed five year plans have been reviewed.

GOOD SCHOOLS AND LITERACY

These management improvements will help us to focus research during 1980 on two questions which we think are fundamental. These questions, which are themes throughout our budget, are: What makes a good school? and How can levels of literacy in the basic skills be improved?

In addressing the question on good schools, NIE's 1980 programs will examine topics such as teaching techniques, school management, uses of tests, bilingual programs, desegregation, and the educational influences of families and communities. In short, we will be examining local school practice and the community context within which education occurs in order to identify those characteristics common to good schools.

The second theme of the 1980 budget is literacy. I use that word with the broad connotation of mastery of the fundamental skills of reading, writing, and mathematics which are essential for functioning in our complex society. Too many adults in America are functionally illiterate, and this problem is particularly severe among poor and minority populations. Thus, the Institute's primary goal of increasing educational equity makes it essential to address the question of how to raise literacy levels. Major new work by NIE in this area will result from grants competitions on the topics of teaching and learning; and we will continue to concentrate our efforts on the middle years, grades 4 through 8, where the decline in basic skills first begins to appear.

NATIONAL ASSESSMENT

A major addition to the NIE budget from previous years is the National Assessment of Educational Progress (NAEP) which the 1978 Education Amendments transferred from the National Center for Education Statistics. In FY 1980, the budget contains approximately $4.0 million for NAEP. The comparable amount for FY 1979 was $4.3 million.

GRANTS COMPETITIONS

The FY 1980 budget also includes funds for grants programs to study issues of desegregation, school organizational processes, the teaching and learning of basic skills (literacy), the educational role of families and communities, legal and governmental studies, regional dissemination, research and educational practice, state dissemination capacity building, and postsecondary organization and management. The budget contains $48.2 million for grants of all kinds. (Of the rest of the $98.3 million request, $36 million will be awarded through contracts and $14.1 million is for salaries and related administrative expenses.)

UNSOLICITED PROPOSALS

Another activity which has strengthened research benefiting educational practice is the expansion of awards for unsolicited proposals.

Like grant competitions, the unsolicited proposals tend to encourage research on problems identified at the local level--problems which are often better addressed through relatively small-scale inquiries rather than through massive, national studies. For example, unsolicited proposals funded this year will study such topics as: segregation trends in major school districts with large Hispanic enrollments; integration of historically Black universities; the interaction between social scientists, lawyers, and judges in school desegregation; and the effects of part-time employment on the maturity and development of literacy skills among adolescents. The proposals relate to NIE's mission, but are not directly related to specific grant announcements or requests for proposals. A total of $2.8 million is included in FY 1980 for such activities.

EVALUATIONS

Finally, I want to say just a word about several evaluations we are funding.

The first is an evaluation of the vocational education program mandated by the 1976 Education Amendments. We have already awarded contracts to examine vocational education funds allocation, administration, and consumer and homemaking education. We will be examining closely the relationship between vocational education and training programs, funded under the Comprehensive Employment Training Act (CETA).

The second is an evaluation of the effectiveness of Operation PUSH, the Reverend Jesse Jackson's effort to encourage parents to make greater efforts to improve their children's success in school. We are also in the second year of a 3-year examination of the "Cities in Schools" experiment, an effort to provide more social services in schools.

Finally, we will award a contract to evaluate the quality of state minimum competency testing programs.

Mr. Chairman, I believe the record of accomplishments NIE has built in the last several years and the managerial improvements I have outlined indicate that the modest $1.5 million increase we are requesting for 1980 will prove a worthwhile investment.

I appreciate the opportunity to discuss our plans with you and will be pleased to answer any questions you might have.

Dr. GRAHAM. Thank you very much, Mr. Chairman. I think I will choose to ask Mr. Pforzheimer, if we may, to make a brief statement and submit one for the record. Then I would be happy to go to questions.

[The information follows:]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
NATIONAL INSTITUTE OF EDUCATION
WASHINGTON, D.C. 20208

NATIONAL COUNCIL ON
EDUCATIONAL RESEARCH

SUBMITTED BY
HONORABLE CARL H. PFORZHEIMER, JR.
MEMBER
EXECUTIVE COMMITTEE
NATIONAL COUNCIL ON EDUCATIONAL RESEARCH
NATIONAL INSTITUTE OF EDUCATION
DEPARTMENT OF HEALTH, EDUCATION & WELFARE
BEFORE THE
SUBCOMMITTEE ON LABOR, HEALTH, EDUCATION & WELFARE
COMMITTEE ON APPROPRIATIONS
U. S. HOUSE OF REPRESENTATIVES
THURSDAY, MARCH 29, 1979

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
National Institute of Education
Biographical Sketch

NAME: Carl H. Pforzheimer, Jr.

POSITION: Member, National Council on Educational Research (Executive Committee)

BIRTHPLACE & DATE: New York, New York - July 17, 1907

EDUCATION:
Horace Mann School 1924
Harvard University AB 1928, MBA 1930
Honorary: Doctor of Commercial Science (Pace Un., NY); Doctor of Humanities (Capital Un., Ohio)

EXPERIENCE (Military):
World War II-Infantry Officer, NY Guard
Colonel, War Dept. General Staff (Chief, Foreign Financial Branch)
Awarded: Legion of Merit; Army Commendation; French Medaille de la Reconnaissance and Legion d'Honneur (officer)

(Business):
Carl H. Pforzheimer & Co. (investment banking) - 1933 to date
Partner - 1934; Managing Partner - 1967; Senior Partner - since 1968
President & Director, Petroleum & Trading Corp.
Director, Security Mutual Life Insurance Co. of N.Y.

MEMBERSHIPS (Current):
President, Carl & Lily Pforzheimer Foundation, Inc.
Vice Chancellor (emeritus), N.Y. State Board of Regents
Member, Natl. Council on Educational Research (Executive Committee)
Trustee, Mt. Sinai Medical Center
Chairman, National Conference on Government
President, Associated Harvard Alumni
Member, Harvard Overseers Visiting Comms. of the University Library, Graduate School of Education, History, University Resources
Member, Research Libraries Comm. N.Y. Public Library
President, Keats-Shelley Assoc. of America
Trustee, Natl. Conference of Christians & Jews
Trustee (honorary), Boys' Club of New York
Director, N.Y. Chamber of Commerce & Industry
Director Economic Develop. Council of N.Y. City
Member, The Rockefeller University Council
Director, Industry-Educ. Councils of America

MEMBERSHIPS: (Past)
President, National Municipal League
Trustee, Horace Mann School
President, National Assn. of State Boards of Education
Commissioner for N.Y. State to Educ. Comm. of the States
Chairman, Advisory Commission on Intergovernmental Relations Ad Hoc Comm. on Financing Education
Director, Natl. Academy for School Executives
Member, N.Y. State Commission on Campus Unrest
Chairman, Environmental Comm., N.Y. City C of C
Member, Natl. Reading Council (Exec. Comm.)
Trustee, Inst. of Public Administration
Director, Westchester County Association
Chairman, Purchase (N.Y.) Sch. Dist. Adv. Comm.

DISTINGUISHED SERVICE AWARDS:
National Conference on Government
Natl. Assn. of State Boards of Education
Horace Mann School
Boys' Club of America
Council of Chief State School Officers
Harlem Prep
Natl. Conference of Christians and Jews
Westchester Community College
Westchester Academy of Medicine
B'nai Brith Student Service
Pace University
N.Y. State Legislature

NATIONAL INSTITUTE OF EDUCATION

Statement by CARL H. PFORZHEIMER, JR.
Member, Executive Committee
National Council on Educational Research

Mr. Chairman and Members of the Sub-Committee, thank you for this opportunity to talk with you about the FY 1980 appropriation for the National Institute of Education, based upon ~~programs~~ policies adopted by the National Council on Educational Research, which we believe will continue to make a substantial contribution to research and development designed to improve the quality of education for all Americans.

The Council, by statute, makes "general policy for, and reviews the conduct of" NIE. As a member of the Council since its beginning in 1973, I have witnessed, as have you from a different angle, the maturing of NIE as an agency serving the Congress, education professionals, educators, and lay policy-makers across the country. NIE is doing a better job today than it was when I last appeared before you in 1977. It is concentrating its resources on thoughtful priorities; maintaining standards of quality and significance in its selection of projects; reviewing and improving more relevant programs to help those responsible achieve educational goals established by their national, state, and local bodies.

Last year my distinguished colleague on the Council, Harold Howe II, in his testimony before this Sub-Committee, characterized the work supported by NIE under your appropriations as "the seed corn of education's future", providing "leverage on that future" which is "more powerful than any other funds you appropriate." He reported that NIE's mission has become more clearly articulated, and that its essential relationship with educators and researchers are better than in the past. In complete agreement with Doc Howe, I believe NIE is even better able to fulfill its promise this year; I am pleased to present the views of the National Council on Educational Research supporting the President's FY 1980 request of $98.3 million for the National Institute of Education.

Although this $98.3 million is an increase of $1.5 million over FY 1979, it is still only 69% of the Institute's FY 1973 level, without even allowing for inflation. So, NIE has already gone through a "shake-down" period; it has adjusted, more than most agencies, I suspect, to the discipline of selecting priorities, of paying attention to needs of those on the firing-line using its output, and of reviewing regularly strategies for applying its resources. We have not done all we hope to do; but we are well on the way. It is a modest request.

Because of these considerations, my colleagues on the Council join with me in recommending to this Subcommittee that you support the full appropriation request of $98.3 million; thereby supporting the Institute's ongoing efforts to establish and enforce high standards of quality, to make decisions according to priorities for research work (topics, strategies, organizational arrangements), and to make choices based upon the realities of limited resources, even though some worthy or even traditional activities may be reduced or even eliminated, hopefully without being precipitous, capricious,or indefensible by NIE.

From the point of view of a businessman deeply involved in educational affairs at the local, state, and national levels for over 30 years, for the first time since 1973 it appears to me that the NIE now really understands the imperatives of setting priorities in order best to accomplish its mandated mission, especially during times of fiscal stringency. The stronger NIE leadership today, in my opinion, seems well equipped to allocate limited funds during these difficult times. In turn, I am convinced -- self serving as it may sound -- that the Council is stronger and better able to exert its mandated policy influence with greater efficacy.

The potential for innovative and relevant, much-needed R & D is widely dispersed in the U.S. We are fortunate that there are so many good entities in both the public and private sectors of the educational establishment that can perform sound work. NIE is in a good position to foster the kind of competitive climate among good R & D operations, regardless of by whom performed, encouraging the best performers to a point where they in turn can attract funding, both complementary and supplementary to Federal funds; all to a point where continuing limited Federal appropriations can be used more widely and effectively.

An important mechanism for ascertaining the quality R & D performers meriting support, is that of peer review; a principle adopted and fostered by the Council. To a layman, this is the important point at which there can be melded the two points of view of the producers and users of good R & D.

Much substantive work has been done by NIE. Its product is in great demand. I would ask leave, Mr. Chairman, for permission to leave with you and your Subcommittee a brief compilation which staff is preparing at my request to show a few examples of specific impacts from NIE publications, reports, and general material; in addition to the regular miscellaneous mailings by NIE to the educational establishment. Suffice it to say here that for the past year, NIE has been receiving an average of 675 inquiries per week: some 70% for publications on specific topics, some 30% for general or special information. Among the specific topics of NIE publications sought are: DECLINING ENROLLMENTS, DEVELOPMENT OF CAREER AWARENESS IN YOUNG CHILDREN, WOMEN AND MATHEMATICS and VIOLENT SCHOOLS - SAFE SCHOOLS.

One other point relating to increasing influence of NIE is in order. It is my own direct observation, and from reports to me from reliable observers, that much vital data being used right now to help policy makers such as administrators, judges -- in solving knotty problems in the world of education were produced directly by, or under contract with, NIE. Far too often there is no reference to, or credit given, NIE for its role of basic producer of such material.

In short, I believe that NIE is best positioned to maintain the efforts of the Federal government, in words of the NIE statute, to "solve or alleviate" educational problems occurring under present and foreseeable conditions.

I am delighted to be here today as a member of NCER to support the NIE FY 1980 appropriation, to bolster Director Graham's administration of NIE, and to express general enthusiasm for the entire effort.

Within my competence, I shall be happy to participate in your further deliberations. It is quite comforting to have Director Graham and members of her exceptional staff nearby.

Thank you for your attention.

SUMMARY OF NCER STATEMENT

Mr. **Pforzheimer**. It is a pleasure, Mr. Chairman. You have a copy of the statement. I might summarize a couple of points.

A year ago my distinguished colleague on the Council, Harold Howe II, in his testimony before this subcommittee, characterized the work supported by NIE under your appropriations as "the seed corn of education's future," providing "leverage on that future," which is "more powerful than any other funds you appropriate."

He also reported that NIE's mission has become more clearly articulated and that its essential relationships with educators and researchers are better than in the past.

I am in complete agreement with Mr. Howe, and I believe NIE is even better able to fulfill its promise than a year ago.

I am pleased to be here in support of this appropriation request.

One thing as a businessman that strikes me is that the $98.3 million is an increase of $1½ million over last year, but it's only 69 percent of the Institute's original fiscal year 1973 level, and that does not allow for inflation.

I can assure you that from a businessman's point of view I think the NIE has already gone through a bit of a shake-down period as far as how best to use its funds. It's a modest request.

Furthermore, from the point of view of a businessman, I have been involved in all levels of education for about 30 years, and it seems to me that the NIE is in a very good position right now to foster a competitive climate among the really good R&D operations. NIE is best able to identify these good performers, and this I think is getting more important in these times of fiscal stringency.

I think so much work has been done by NIE of a substantive nature that I have taken the liberty of asking the staff to send you a very brief compilation of some places where there has been an impact from NIE work.

I brought along today four NIE publications that impressed me.

USE OF NIE RESEARCH PUBLICATIONS

"Violent Schools-Safe Schools", is used by State Boards of Education, and local school boards across the country. Particularly outstanding is the publication "Women and Mathematics", which, I think is the best compendium on that very difficult subject.

I find that wherever I go "Development of Career Awareness in Young Children" is being used by school boards and other education policy makers. Finally, the most challenging one I think of all is, "The Declining Enrollments", which is the big challenge of the coming decade.

In short, I really believe that NIE is coming along better now than I have seen it in all of the years I have been with it, and I am delighted to be here today and would be very happy to answer any questions. I have sitting on either side of me a couple of real experts with their very good staffs.

[The information follows:]

IMPACT OF SELECTED NIE ACTIVITIES

1) NIE's Educational Finance Program has provided technical assistance and policy analyses on school finance reform issues to approximately half the states. In addition, over the past three years, fifteen states have applied for and received cost-sharing contracts to conduct their own policy studies on this subject. Key legislators, Governor's offices and State Departments of Education in all states regularly receive information on the latest judicial rulings, legislative initiatives and research findings regarding elementary and secondary school finance through this program.

2) A current publication of the Education Finance Program, Plain Talk About School Finance, was prepared to serve as an introduction for educational policymakers, practitioners and the general public. Ten thousand copies have been requested by national education associations, State legislatures and a wide segement of the education community. It has been used in eight states by the American Federation of Teachers to educate teachers about school finance reform issues.

3) NIE supported the development of the Center Intern Program (CIP), an alternative high school for potential school dropouts. The goals of the program are to enable students to complete high school and receive a diploma, acquire occupational knowledge, plan for a career and improve basic reading and mathematics skills. CIP was tested by NIE in Philadelphia from 1972 through 1976, and was found to have made dramatic improvements in the students who participated. Because of the effectiveness of the program, the Department of Labor provided over $5 million to NIE to replicate the program in four cities (Detroit, Seattle, Poughkeepsie, and New York City). The purpose of this two year followup study is to determine whether the program will be able to achieve the same measure of success in areas with different socio-economic and cultural conditions than Philadelphia.

4) Thousands of classrooms throughout the country are using curriculum materials developed by the regional educational laboratories and educational research centers supported by NIE. Two outstanding examples of such materials are the Elementary Math Program developed by CEMREL, in St. Louis, and the Individually Guided Education Reading Program developed by the University of Wisconsin Center, at Madision.

5) The NIE-supported publication, Education in Rural America: A Reassessment of Conventional Wisdom, edited by Jonathan Sher, was the first major study of rural educational policy in over three decades. It was selected as one of the eleven "Must Books" for 1977 by the National School Boards Association. The book was published and is sold commercially by Westview Press, Inc. Before its release, NIE printed as a separate document chapter two of the book, entitled "Economy, Efficiency and Equality: The Myths of Rural School and District Consolidation." NIE received over 20,000 requests for this monograph. The book is currently being used by students at Harvard, Dartmouth, the University of Vermont and other colleges and universities. It has also been frequently used by State legislators (for example in Iowa, Minnesota and Vermont) in their discussions about State school district reorganization policies and by local school districts as they consider when and where to close schools.

6) The NIE-supported publications Social and Cognitive Development in Young Children were designed to provide teachers of preschool and elementary school children with a brief summary of current research in these areas. The publications were designed to help teachers relate research findings to practical issues and actual situations. Since publication, NIE has distributed over 20,000 copies of these reports. They are widely used by elementary school teachers in their classrooms and have also been used by the University of North Carolina for its teacher training programs.

7) In Okolona, Mississippi in the Fall of 1978, a disaster was averted when firemen were able to handle the derailment of a railroad tank car containing liquid propane. The volunteer firemen credited an instructional training program with helping them learn how to successfully deal with such situations. The program was sponsored by the NIE-supported Appalachian Educational Satellite Program and transmitted via satellite to local sites throughout the region. A similar incident occurred near Radford, Virginia, where volunteer firemen, helped by this program, were able to successfully cope with a fire caused by a tanker truck that jackknifed.

This list offers a small sample of the type of impact NIE activities have had in the educational community.

Thank you very much.

Mr. **Natcher**. Thank you.

IMPACT OF DEPARTMENT OF EDUCATION

Now, under the President's proposal for a separate Department of Education would there be any changes in the status of educational research and development?

Dr. **Graham**. Mr. Chairman, the President proposes an Assistant Secretary for Research and Improvement and under the responsiblity of the Assistant Secretary for Research and Improvement the National Institute of Education will be lodged.

Mr. **Natcher**. How do you feel generally about the proposed Department taking over the research activities of the National Science Foundation?

Dr. **Graham**. Well, my understanding is that only some of the research activities of the National Science Foundation would be included in the new Department, and those are the ones which are most germane to education. Two-thirds of the Science Education Directorate would come, and to my knowledge of Mr. Rutherford and his colleagues, this suggestion to me that that would very substantially enhance the work of educational research in the Department.

FEDERAL EDUCATIONAL R. & D.

Mr. **Natcher**. Can you tell me how many Federal agencies at this time are currently supporting educational research and development? Do you have any idea?

Dr. **Graham**. I would have to give you a more precise number for the record, but I can tell you there are a good many.

Most of them are supporting the research in relation to the particular mission of their agency, such as agricultural, or labor, rather than education just in general. It's usually education in relation to the particular activity of that agency.

Dr. **Berry**. There is a committee of such agencies of which you are the Chairman.

Dr. **Graham**. Indeed. The Federal Council on Educational Research and Development. We have three committees under that and one of those is investigating this particular question.

Mr. **Natcher**. All right.

Now, if you will, insert a list of the agencies in the record and show the amounts budgeted for 1979 and 1980.

We will place that in the record at this point.

[The information follows:]

Dr. Graham. The following table was developed by the OMB Special Anslyses staff based on the FY 80 budget.

Education research*	Outlays (millions)		
	1978 actual	1979 estimate	1980 estimate
Educationally deprived children	123	140	159
Education for the handicapped	65	98	129
Occupational, vocational, and adult education	99	110	96
Special projects and training	41	69	76
Assistant Secretary for Education	22	23	25
National Institute of Education	64	89	90
National Endowment for the Arts and Humanities	33	29	30
National Science Foundation	37	42	46
Other	27	35	34
Total	511	635	685

*OMB Special Analyses: Federal Outlays for Personnel Training and Research in Education as of 03/06/79.

NEW PROJECTS

Mr. NATCHER. For research and development the 1980 budget request is $84,242,000, excluding administrative costs.

How much of that amount is for new projects?

Dr. GRAHAM. A little over $13 million.

Mr. NATCHER. Describe one or two of the new projects planned for 1980, just to give us some idea about what you have in mind.

Dr. GRAHAM. We have two principal foci in 1980. We want to figure out how we can increase literacy in America and we want to figure out what makes a good school. We think these two are related insofar as we think that the schools are an excellent place in which to make people literate.

We know a lot about elements of good schooling in individual schools, but we don't know very much about the overall qualitities that affect schooling. We anticipate that they will be different in a rural area from what they are in an urban area; they will be different in the schools that are serving a population which is of varied races than in populations serving only one race.

MULTI-YEAR FUNDED PROJECTS

Mr. NATCHER. If you will, summarize briefly the steps you go through in deciding whether or not a particular project should be continued beyond one year. What steps do you take?

Dr. GRAHAM. Well, any project that we have at NIE always has a project monitor. The project monitors, depending on the size and the scope of the project, may consult with peer reviewers in the field that are not connected with either NIE or with the project and get recommendations from those individuals to judge whether or not the project is worthy of funding. On the basis of the recommendations from the outside reviewers or in NIE staff, and in some cases both, recommendations are made to the Associate Director in whose area the project lies. Again depending on the scope of the project, the Associate Director may make a final decision, or if it is a large project, it will be referred to the Deputy Directors and to me. The Director or one of the Deputies must approve all multi-year awards over $250,000.

Mr. NATCHER. How many of your research projects are funded on a multi-year basis?

Dr. GRAHAM. I would have to supply that answer to you for the record but the majority are funded for more than 1 year with the opportunity to review their progress during the course of this period.

[The information follows:]

Dr. GRAHAM. The Institute estimates that 80 percent of our fiscal year 1979 and 85 percent of our fiscal year 1980 budget will fund multi-year projects.

Mr. NATCHER. What are the advantages of funding projects on a multi-year basis?

Dr. GRAHAM. I think the major advantage is that most research studies that are at all complex, for example, on following how children learn to read or evaluating a program that is in place, need to be followed over a period of several years to see whether the system is working or not. You need to watch to make sure that the program justifies continuation. So you check periodically in the progress of the projects. Usually a review is made annually before funds are awarded for the current fiscal year.

EDUCATIONAL LABORATORIES AND CENTERS

Mr. Natcher. Tell me what is the planned funding level for the educational laboratories and centers in 1979 and 1980?

Dr. Graham. For 1980 it is $29.8 million and for 1979 it is $29.2 million.

Mr. Natcher. Does the Institute have any control over the activities conducted by the labs and the centers?

Dr. Graham. We believe, Mr. Chairman, that we have a good deal more control than we formerly had, and that is in large part a result of the work of the Congressionally mandated panel on the laboratories and centers which submitted their report to the Congress and to me in January. We found the report very helpful.

The one principal finding of the report was to make a distinction between what a center ought to do and what a lab ought to do.

The second recommendation was to accept certain criteria on all scores as to how these laboratories and centers would be evaluated. For example, what the criteria would be that would judge whether or not a center should be continued or whether or not a laboratory was doing good work and should be continued.

The third recommendation was to accept the principle of peer review; that is, judgment by the people in the middle of specialization of the laboratories or the centers as to whether or not they were doing good work. That is a new criterion in the application across the board to the laboratories and to the centers which we think will move us a long way towards establishing our relationship with them on a better ground.

Finally, we have included representatives from the laboratories and the centers in our planning process at NIE this spring.

We have had over 100 members of the laboratory and center staff in to work with us on planning, so that, in fact, our funding at these laboratories and centers will be integrated into the overall work of the Institute, in a much more satisfactory way than we believe has been the case in the past.

LONG TERM AGREEMENTS

Mr. Natcher. If you will, explain your long term agreements with the laboratories and centers.

Dr. Graham. The panel was asked by Congress to help us figure out what we should do in this regard. Of the 17 laboratories or centers we initially offered a long term agreement to five laboratories and to five centers.

There were three laboratories and centers which needed to clarify whether they wished to be regarded as a laboratory or a center, and those institutions are now making that decision, and we think we have just about reached consensus on that.

We will be offering these three long term relationships.

One laboratory and one center have just undergone a major shift in their focus, and they are engaged in a planning period with no jeopardy to considering a long term relationship in the future. In addition, it was our judgment in two instances that they enter a period of strengthening before a decision was made as to whether or not a long term relationship should be offered.

Mr. Natcher. If the Institute's budget were cut back by 10 or 20 percent, what effect would that have on long term agreements?

Ms. Graham. The agreements with the laboratories and centers are always contingent upon a level of funding for which we are hopeful. I am sure it would have some effect, and I would have to judge that in the overall context of the Institute's work.

POSTSECONDARY EDUCATION

Mr. Natcher. What kind of research is the Institute supporting in the area of postsecondary education?

Dr. Graham. I am happy to say we are now planning to do a good deal more work in that field. We started out working primarily in the field of elementary with some secondary education. Next year we expect to spend about $23 million on research on postsecondary education.

Some of that will be addressing problems of the organization, administration and management of postsecondary institutions.

We will be giving particular attention to minority and historically black colleges. We will also be continuing work that we are beginning now in areas of assisting women and minorities at the postsecondary institutions in participating in educational research and development.

We will be continuing work we are doing at the community colleges, particularly assisting community colleges that have bilingual programs.

We will be continuing to support the National Center for Higher Educational Management Systems which has broadened its mandate to include issues in higher education beyond just simply systems management.

Mr. Natcher. Tell me how does your postsecondary education research program differ from the postsecondary education research program administered by the Assistant Secretary of Education?

Dr. Graham. That program, the Fund for the Improvement of Postsecondary Education, is principally a program to provide funds to demonstration projects at different colleges and universities. Our research is of a more generic nature, looking into ways to improve higher education in America.

FEDERAL COUNCIL ON EDUCATIONAL R. & D.

Mr. Natcher. In 1976 Congress authorized the creation of a Federal Council on Educational Research and Development. Has this Council been appointed?

Dr. Graham. This Council has met twice, and has decided to carry on most of its work on a monthly basis through a committee system. Three committees are functioning: one deals with legal and administrative issues; one with developing a catalog of federally assisted programs in educational R. & D.; and a third with an annual report of significant findings of Educational Research and Development. These committees have been meeting regularly.

Mr. Natcher. Who chairs the Council?

Dr. Graham. I do.

Mr. Natcher. They have a good Chairman.

Dr. Graham. Thank you.

Mr. Natcher. What benefits will be derived from the Council's activities?

Dr. Graham. I hope that there will be benefits from them. I think the principal benefits, if I may speak candidly, will come from the work of the committees.

I think particularly of the committee that has been dealing with legal and administrative issues. That subcommittee is chaired by Richard Werksman, and he has brought together his colleagues in the Federal Government to think about such issues as how we deal with the Freedom of Information Act, and what particular issues there are for educational research and development in that area. Also, they are planning a meeting in May that will deal with how the Ethics in Government Act, when the regulations become available, will affect educational research and development people.

Mr. Natcher. What incentive is there for other Federal agencies to cooperate with the Council?

Dr. Graham. I think the principal incentive is that the National Institute of Education is the only agency in the Federal Government whose primary business is to engage in educational research and development and therefore, we think about those issues in a more comprehensive way than anyone else does.

For the other agencies educational R. & D. is only a fragment of their effort and, therefore, I believe they have come to appreciate the fact that we think about these issues more broadly and have some expertise in this area.

We have not had any difficulty with cooperation. In fact, the reverse; we have had other people who wish to join us rather than just those statutorily designated.

GUIDANCE FROM NATIONAL COUNCIL ON EDUCATIONAL RESEARCH

Mr. Natcher. According to your budget document, the Institute received policy guidance from the National Council on Educational Research in developing the 1980 budget. How many Council members are currently working in the area of elementary and secondary education at the State or local level?

Dr. Graham. There are 15 members of the Council. One of the members is a superintendent of schools in Atlanta. Another is the State superintendent of public instruction in California.

A third is a junior high school teacher in Minnesota. Mr. Howe, who testified before you last year, is quite knowledgeable about elementary and secondary education, having served as Commissioner of the U.S. Office of Education, and now as vice president of the Ford Foundation for Education and Research.

Mr. Pforzheimer was for many years a member of the State Board of Regents of the State of New York. Several members have had a variety of involvements with elementary and secondary education.

Mr. Natcher. What were the major recommendations of the Council which are reflected in the 1980 budget request?

Dr. Graham. One certainly is that we increase the proportion of funds which we spend on basic research, which was a policy adopted by the Council which is reflected in this budget.

An earlier policy recommended by the Council was that we pay greater attention to the educational needs of girls and women, and that is also reflected in this budget.

A third is that we stabilize our relationships with the regional education laboratories and centers, and I believe that is also reflected in this budget.

STUDENT ACHIEVEMENT AND TESTING

Mr. Natcher. Last year the budget request included $5.4 million for student achievement testing. As you know, this committee had some reservations about the possibility of developing a national test to be applied to local schools.

What do you see as the Federal role in achievement testing?

Dr. Graham. Mr. Chairman, I welcome the opportunity to say that I have, ever since the time I appeared in the Senate confirmation hearings two years ago, opposed the development of a national test, and I continue vigorously to believe that the National Institute of Education should not be involved in the development of a national test of academic achievement.

That is a view which I believe is shared by the Council as well, and also by my colleagues, my immediate colleagues in any case. The Federal role, it seems to me, and one which we are working on, is to engage in research about testing, how testing can be made more useful, and to provide information about it. This, for example, is a booklet we have recently completed called, "The Assessment Instruments for Non-English Speaking Students."

There are different kinds of tests you can give to children who do not speak English or whose native language is not English, and we think making this kind of information available is quite helpful.

We are now engaged in a series of follow-up conferences at the regional level to discuss the uses and misuses of testing.

The first of these regional conferences was held yesterday and Tuesday in Michigan, and seven additional ones will be held in other parts of the country. One day of the conference attracts primarily teachers, administrators, and policymakers.

One day they dealt with testing issues, what tests can be used, or what the effects of testing are, how tests can be used for instructional purposes. The second day was dedicated to whatever testing issue was most difficult and most troublesome in that particular region.

I might add we had a call from one of the people who attended that conference who simply called voluntarily to Mr. Timpane to tell him what an excellent conference it was and how extremely useful this one in Michigan had been.

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

One final thing I should say is that the National Assessment of Educational Progress was transferred this past month to the National Institute of Education, and we hope to continue the high standards that have characterized the National Assessment in the past.

In addition, we hope to utilize the data that have been collected by the National Assessment to do more research on those data so that they will be more useful and so more people will be able to take advantage of what we have learned through that assessment.

ACHIEVEMENT TESTING

Mr. **Natcher.** What do you propose by way of achievement testing in the 1980 budget?

Ms. **Graham.** The 1980 budget for achievement testing includes both research on achievement testing, and the use of testing to make it more helpful in instruction, that is, figuring out ways a teacher will know more about what difficulties the child is having in learning than was the case in the past.

Some additional work in planned on testing for youngsters whose native language is not English. Most tests assume, of course, your language is English, and you have to figure out why a child is having trouble if the child is having to take a test in a language that is not his or her own native language. We will fund additional work on the dissemination of testing and making information available to teachers and administrators about how tests are used.

SCHOOL FINANCE

Mr. **Natcher.** What studies are now being conducted by the Institute in the area of school finance?

Ms. **Graham.** We are continuing the work which we believe has been quite satisfactory in the past such as assistance to the National Conference of State Legislatures, who provide information and technical assistance to State Legislatures, which are considering revisions in their educational finance law.

We are continuing our work with the Education Commission of the States which is essentially dissemination of what we know about educational finance in the States. We anticipate playing a very significant role in the new HEW study on educational finance which was mandated by the 1978 Amendments.

Mr. **Natcher.** The subject of school finance is being examined in the Office of Education and also in the Secretary's office. How do you justify this apparent duplication now?

Dr. **Graham.** I think the new congressionally mandated study to look at the educational finance with the 11 different elements that that study will include will very effectively let the different parts of the Department lead from their strengths in working together on the study. I believe that the decision will be made quite shortly in terms of a director for that study and final disposition of the allocation of the 11 different parts of that study.

Dr. **Berry.** We will make sure there is no overlap or duplication through the study plan that is being developed and implemented.

Mr. **Natcher.** Who has the lead role as far as studying school finance?

Dr. **Berry.** In the mandated studies in the 1978 amendments, the authority is given to the Office of the Secretary, where the lead is Assistant Secretary for Planning and Evaluation; that office has the lead, so to speak, but it is a cooperative effort involving NIE and other offices in the department.

VOCATIONAL EDUCATION STUDY

Mr. **Natcher**. In 1976, Congress directed the Institute to do a major study of vocational education. Can you tell us the present status of this study?

Dr. **Graham**. Yes, we are on schedule to report on the vocational education study. The interim report will come to you in 1980 and the final report in 1981. There will be four parts of this study. We submitted the plan to the Congress on schedule, and we have received favorable comments on it. The awards have now been made for the researchers who are to engage in each of these four parts.

One has to do with the distribution of funds; that is, where the funds for vocational education go. The second part deals with the administration of vocational education. The third deals with establishing means to figure out whether the programs are any good or not, and the fourth is a review and evaluation of consumer and home-making programs. Those awards have been made. The study is being directed at NIE by Dr. Henry David, and we anticipate that the work will reach you in a timely fashion and will be helpful to you in your consideration of vocational education legislation in 1981.

Mr. **Natcher**. Is 1981 the year of the next reauthorization?

Dr. **Graham**. Yes, with the interim report in September 1980, and the final in September of 1981. There will be time to advise you prior to your consideration of the reauthorization much as the title I study. The evaluation which we did for you on the title I program of the Elementary and Secondary Education Act came to you to inform you at the time that you were considering reauthorization of title I in the last Congress.

EDUCATION SATELLITES

Mr. **Natcher**. How much is in the budget for educational satellite demonstration projects?

Dr. **Graham**. The total for 1980 is $2 million to be allocated between two principal satellites projects—Alaska and Appalachia—with a small sum for technical support. In both the Alaska and the Appalachia satellite projects, we have reached agreement with them as to the length of time NIE will be funding this demonstration phase before they become operational.

Mr. **Natcher**. What have been the results of satellite demonstrations previously supported by the Institute—good or bad?

Dr. **Graham**. On the whole, we think good. We think that the quality has been very good, and my colleague, Michael Timpane, was in Lexington, Ky., this week.

Mr. **Natcher**. A great place.

Dr. **Graham**. He tells me so. He might like to say a word of what he saw there.

Mr. **Timpane**. I was just being filled in for a day on what progress the Appalachian satellite was making. They report that their efforts seem to be going mostly into the continuing education of teachers and other citizens who are in many of the remote sites in the Appalachian region. They have developed both courses and a new technique of television workshops, where they appear to be having success with teachers, with firemen, and with emergency crewmen who battle various disasters. They seem to be demonstrating that they can deliver a variety of educational services to all different kinds of people in the region that would not be otherwise available because the people are so spread out in the various rural areas. I was very heartened by the visit to see they had achieved this with our support.

Mr. Natcher. Does the high cost of satellite transmission rule out future use insofar as local schools are concerned?

Dr. Graham. That is a very difficult question to answer, because, at the moment, there is a good deal of uncertainty about who is responsible for the technology that is up there in the sky and what the costs of that technology will be in the future. It is that issue which we have been discussing with our colleagues in the Department of Commerce.

NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS

Mr. Natcher. How much is in the budget for the National Assessment of Educational Progress?

Dr. Graham. For 1980, just over $3.9 million.

Mr. Natcher. What changes are proposed in the assessment project for next year?

Dr. Graham. It is a little premature to say what changes will occur, because we are putting out this week, in fact, a request for proposals. Those are in the mail today, as a matter of fact, and I would be happy to submit for the record the proposed scope of work for either a grant or cooperative agreement. It will be undertaken competitively.

[The information follows:]

Abstract

The National Institute of Education is announcing a competition to select an organization to conduct the National Assessment of Educational Progress (NAEP). NIE was authorized by Public Law 95-561, the Education Amendments of 1978, to carry out the NAEP through an organization to be selected in this competition.

The project period will be 52 months, from September 7, 1979 through December 31, 1983. A new competition will be held during calendar year 1983.

With the exception of the initial 16-month budget period (Sept. 1, 1979 to Dec. 31, 1980), this project will be funded annually for one-year periods. It is anticipated that the project will be funded for $3.9 million per calendar year. The funding for the first four months of the project will be negotiated based on the plans presented in the successful application.

The law directs that only a "nonprofit education organization" is eligible to receive an award. This restriction does not bar the use of "for profit" or nonprofit subcontractors.

The law directs that a 17-member Assessment Policy Committee be established to design and supervise the conduct of the NAEP.

A Pre-Application Conference will be held at 10 a.m. on April 18, 1979, at NIE, 1200 19th Street, N.W., Washington, D.C., Room 823.

The due date for receipt of proposals is 4:00 p.m. (Washington time) on June 28, 1979. All proposals must be mailed or hand-delivered to: NIE Proposals Clearinghouse, Room 813, Brown Building, 1200 19th Street, N.W., Washington, D.C. 20208, Attention: NAEP.

[A complete copy of the proposal is available in the committee files.]

Mr. NATCHER. How many contractors are involved with this project?

Dr. GRAHAM. We don't know, as the requests are just now being mailed. We have had over 500 inquiries as a result of the preannouncement that we put in the Federal Register and the announcement that was in Commerce Business Daily earlier this week. I am sure that we will not get 500 submissions, but it does indicate that there is very broad interest in the field about this, and we have established a group which will advise me both on the form of the proposal and will advise me on the response.

Mr. NATCHER. This project will be funded on a competitive basis?

Dr. GRAHAM. It will; yes, sir.

Mr. NATCHER. This concludes the hearings on the request for the National Institute of Education for the fiscal year 1980. This has been a good hearing, and we appreciate it.

Dr. GRAHAM. Thank you very much, Mr. Chairman. We appreciate the opportunity to be here.

Mr. NATCHER. Thank you.

[The following questions were submitted to be answered for the record.]

FINANCE REFORM IMPACT ON POOR AND MINORITIES

Mr. ROYBAL. When will your research on the impact of finance reform on the poor and minorities be available?

Dr. GRAHAM. Some is already available. For example, in one study under the direction of Intercultural Development Research Associates, Robert Brischetto looked at the consequences of finance reform in six states. The study was designed to determine whether the new laws had in fact resulted in a relative increase in the resources available to school districts with concentrations of poor and minority children. This study makes it possible to make judgments about the relative merits of each of the six separate attempts to produce greater funding equity, and is useful to other states considering reform. NIE also funded two earlier Brischetto studies which examined educational inequalities faced by Mexican-Americans in the Southwest. The quantity and quality of educational services were found to be highly related to the ethnic composition of district enrollment and to residents' income.

NATIONAL CENTER ON BILINGUAL EDUCATION

Mr. ROYBAL. Could you elaborate on the functioning of the national center conducting research on all aspects of bilingual education?

a. When will it be operational?

b. How will it link up with ongoing research in the field of bilingual education?

c. Will it serve as a dissemination center?

Dr. GRAHAM. The project will be operational on or about October 1979. The Center will link with ongoing research in the field of bilingual education in three ways.

By design. We are asking the Center to concentrate a third of its effort directly upon instructional issues, and to justify all of its work in terms of issues on policy and practice. Many individuals in bilingual education have consulted with NIE about the Center and its mission.

Through its staffing. People working at the Center will be professionals who have extensive experience in the field and maintain constant contacts in the field to obtain the most current knowledge.

Through NIE's monitoring activities. Each year the Center will undergo an intensive, on-site evaluation. Among the evaluation criteria will be the Center's contact and coordination with other groups in bilingual education.

The Center will not serve as a primary dissemination unit; however, some dissemination activities may be specified in the future. It will, however, produce documents suitable for dissemination by other groups, such as the National Clearinghouse for Bilingual Education. The Center and the Clearinghouse are administered by the same unit within NIE to ensure coordination.

Generally, the Center is designed to complement the efforts of bilingual education researchers concerned with the operation of programs. It will do so by providing

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factual information about the learning and use of first languages and English. Knowledge on these and related topics is relevant to determining the content of bilingual education; other agencies and other research organizations tend to concentrate upon its procedures.

PRE- AND POST-DOCTORAL FELLOWSHIPS

Mr. **ROYBAL**. Can you give the ethnic breakout of recipients of post-doctor awards fellowships for fiscal year 79?

Dr. **GRAHAM**. According to the reports submitted in January 1979 by the 23 projects, approximately half (11) of the projects have selected their pre- and/or post-doctoral recipients. The remaining projects will make their selections in mid/late spring of 1979. A total of 88 pre-doctoral and 81 post-doctoral fellows were selected by January. The table below displays the ethnic background of these recipients.

Ethnic background	Women	Men
Predoctoral:		
Native American	6	3
Black	11	7
Caucasian	12	6
Hispanic	9	5
Asian-American	14	15
Total	52	36
Postdoctoral:		
Native American	3	3
Black	5	5
Caucasian	13	10
Hispanic	6	9
Asian-American	11	16
Total	38	43

MINORITY GROUP TRAINING AT LABS AND CENTERS

Mr. **ROYBAL**. How many minority group members were trained at the education laboratories and research and development centers during fiscal year 1979?

Dr. **GRAHAM**. The table below displays the minority and women's participation in the lab and center program.

Ethnic background	Women	Men
Native American	2	1
Black	9	11
Caucasian	15	2
Hispanic	7	4
Asian-American	0	1
Total	33	19

QUALITY OF EDUCATION

Mr. **CONTE**. Ms. Graham, if you had to generalize about the average quality of public education in the United States, what would you say?

Dr. **GRAHAM**. I think Americans can continue to place confidence in our schools. I cite three kinds of encouraging evidence.

First, although accomplishment in the middle and later school years is declining, achievement in the early grades is improving. Teachers and researchers have focused on simple, decoding skills in these earlier grades rather than on the more complex abilities needed to comprehend. Thus, the younger students have improved in recognizing words, but the older ones still have problems understanding the sentences and paragraphs formed by joining words. Further research in the area of complex skills should lead to improvement for the later grades.

Second, our schools are educating a vastly different population today than they were a generation ago. A greater percentage of children are attending school for longer times. For example, 75 percent of today's 17-year old population is graduated from high school—this compares to only 54 percent in 1947. In addition, the current high school population includes many students—the poor, the minorities, the handicapped, and the bilingual—who were not served by the public schools in the past. Today's schools must help these students, and their problems are often difficult.

Third, research shows that American schools compare favorably to schools in other countries. Our literacy levels were higher than most; for example, for 14-year olds, only those in New Zealand and Finland outperformed American students—and a much greater (and less selective) percentage of the age group was receiving education in the United States.

EDUCATIONAL FINANCE

Mr. **CONTE**. In your study of Educational Policy and Organization, what does your research lead you to think about the way we fund education that is largely through local property taxes in most of this country?

Dr. **GRAHAM**. As you know, several courts and legislatures have recognized that funding of schools strictly through local property taxes can cause apparent inequities. The problems are complex and difficult.

NIE has followed the developments in various courts and legislatures and studied the impacts of changes intended to make finance systems more equitable. Information about these changes has been disseminated to other state legislatures dealing with possible reforms. NIE has helped approximately four states per year to adopt new systems for generating and distributing funds for education.

We will also study the financing question further in the future. Although the details are not yet final, NIE expects to have major responsibilities for the school equalization study which the Secretary of HEW was directed to carry out by last year's Education Amendments.

SEXUAL EQUALITY IN OUR SCHOOLS

Mr. **CONTE**. Can you cite some of NIE's ongoing projects in studying and trying to improve sexual equality in our schools, for both teachers and students?

Dr. **GRAHAM**. During FY 1980, NIE will spend $3.6 million on research and development efforts which are intended to increase our understanding of gender-based inequities and ways to promote equal educational opportunities for girls and boys, women and men.

In the Teaching and Learning Program, the Women's Research Team, the Math Team, and the Education in the Home, Community, and Work staff all have sex equity projects. In the Educational Policy and Organization Program, research on women's issues and the Vocational Education Study, which will examine sex stereotyping in vocational programs as well as the distribution of vocational education funds in terms of target populations, such as women. Finally, in the Dissemination and Improvement of Practice Program, the Minorities and Women's program, with its associated research and evaluation, is intended to benefit women specifically.

Some examples of projects supported by these programs which are specifically geared toward improving sexual equality are:

A Conceptual Model for the Analysis of Sex-role Learning and Sex Discrimination in Education.—This project at Wayne State University began in 1974. The project has three phases: a review and synthesis of the literature; presentation of a conceptual model of the process of sex discrimination; and presentation of a research design for empirically testing the model.

Nice Girls Don't Study Math.—This project conducted by the Boulder, Colorado Institute for Research on Social Problems. The major objectives of the study are: to determine the ages at which females are most influenced by cultural stereotypes related to mathematics; and to document the specific effects of parents, peers, and the educational setting in influencing females' mathematical behavior.

Women and Mathematics—The Impact of Early Intervention Programs Upon Course-Taking and Attitudes in High School.—This project at Johns Hopkins University is a two-year study which will investigate the effect of three different intervention programs administered to high-ability girls in grade seven. The results of this study should contribute to the design of effective intervention programs to increase the enrollment of high-ability girls in mathematics courses.

Freestyle.—This public television series, produced by KCET—Community-Supported Television of Southern California in Los Angeles, was introduced nationally in the fall of 1978 over stations of the Public Broadcasting Service. Through 13 half-hour stories, young viewers in grades 4-6, ages 9-12 years will see that their options in career-related interests, activities, and behaviors are much more plentiful than they might imagine. The program, with supporting instructional materials, in aimed at parents and teachers as well as students.

Barriers to Educational Opportunities for Re-entry Women in Private Universities.—This project at Northwestern University will study the interplay of structural barriers and personal expectations in the obstacles facing older women who return to the university. The project is a pilot for a larger, comparative study of women's experiences as returning students in a variety of campus settings.

Sexual Asymmetry in Educational Employment: Male Managers and Female Teachers.—This project at Stanford University will investigate why public school teaching (especially on the elementary level) is almost exclusively a job for women, whereas top jobs in educational administration are held almost exclusively by men. How did this sexual asymmetry develop? How did its development affect the organization of schools and the occupation of teaching? What are the consequences of this asymmetry, and how can its dysfunctions be remedied?

DISSEMINATION AND IMPROVEMENT OF PRACTICE

Mr. **CONTE**. Please describe some of NIE's activities under Dissemination and Improvement of Practice to help teachers provide high quality education.

Dr. **GRAHAM**. Our previous dissemination efforts have been directed at creating and improving dissemination structures at the Federal and state levels so that the simple procedures for managing the flow of information would be in place.

For example, the ERIC system collects and stores the results of educational research and makes it available at over 600 locations around the country. In this coming year, 39 states will be participating in a program we began 5 years ago to recruit, hire, train, and utilize dissemination specialists.

Building upon these structures, we are now beginning more directed work such as: special efforts in urban schools; regional consortia of state and local personnel, or educational officials at schools, which will analyze regional dissemination and research needs—the first two of these consortia are now getting under way in the Southeast and the Northeast; the regional educational laboratories which are undertaking regional service and dissemination activities as a major focus of their work; and the Research and Development Exchanges which promote greater interaction between teachers, administrators, and researchers, so that the practitioners can know what is available through research and, equally important, the researchers can increase their understanding of what is on the minds of teachers and administrators.

BASIC COGNITIVE PROCESSES

Mr. **CONTE**. It seems that much of your research "to understand and improve the development of language communication and literacy skills" (P. 13) is research into basic cognitive process of a psychological nature. How can such research be applied on a practical teaching level?

Dr. **GRAHAM**. Perhaps the most direct response is in two parts. The first is to state that without an adequate understanding of the basic cognitive processes of learning we will experience extraordinary difficulty designing effective instructional approaches in areas in which children are experiencing difficulty.

The second is to describe how prior research into children's cognitive processes is now paying dividends.

An example from the area of reading research will perhaps be helpful.

We believe that as a result of research on reading we can now teach almost any child in the early grades how to read, i.e., translate written letters into words and sentences. Researchers call the acquisition of this type of reading skill "decoding," and it is normally attained, at the latest, by the end of the fourth grade.

What neither researchers nor teachers can fully explain is what happens at the next step: some children are able to use their reading ability to learn other new material, and others appear unable to understand the meaning lying behind what they are reading.

This problem is one of the most difficult in educational research today, and it appears to affect different children in different ways. Some can read words, but do not understand sentences. Others are able to work their way through entire sentences, but are unable to make sense out of whole paragraphs. Yet others can get through the passages, but they cannot fully explain the point the author is trying to make.

Researchers refer to this problem as one of "comprehension" and we at NIE are concentrating our research efforts on the shift from "decoding"—understanding the written word—to "comprehension"—understanding what the written word conveys.

We, and the research community, are convinced that this is the area where the next significant improvements in reading and learning research will be made. And since reading is truly fundamental to learning in every area, we believe that this effort will prove central to our hopes of reversing achievement declines in the upper grades.

ILLITERACY

Mr. **CONTE**. Ms. Graham, under your Teaching and Learning research as it related to the problem of literacy and minimum competency, what are you finding to be the principal causes of illiteracy? What can we do to encourage an atmosphere where reading is not only a necessity but a joy for youth? Isn't the problem of illiteracy broadly societal?

Dr. **GRAHAM**. Although there are some clues regarding the causes and locus of illiteracy, all of the evidence is not yet in. Societal problems obviously play a part, but much of the analysis of these issues is inconclusive from the point of view of education.

In addition to those problems, there have been significant changes within our schools.

Finally, although much concern is evident about declining rates of student achievement, our analyses indicate that achievement in the early grades (grades 1-4) is improving and that reading and other learning problems begin to appear at about the fifth or sixth grade where declines in achievement scores first become severe.

Let me say a word about improvement in the early years before I discuss societal and school changes.

A fundamental and important distinction which must be borne in mind in considering student achievement in the basic skills, including literacy, is that all of the data point in one direction: student achievement is falling behind earlier levels only if we examine grades 5 or 6 and above. From grades 1 through 4, achievement tests are rising over time, as the National Assessment of Educational Progress, the Comprehensive Test of Basic Skills, and NIE's study of compensatory education programs funded under Title I of ESEA indicate.

The second point I want to make is that our schools are educating a far different kind of student today than they were a generation ago.

In 1947, for example, only 54% of the 17 year-old population graduated from high school. Today, the proportion is 75%. The direction of this shift has been steady throughout this century—only 6% of our youth completed high school in 1900.

In addition to that expansion of the student population, our schools have had to deal with other difficult social changes.

Changes in the American Family have been widespread although we have no conclusive evidence one way or the other about the effects on achievement: the number of children living with both parents declined from 89% in 1960 to 80% today; the number of children in divorced families has doubled in the past ten years; and family mobility and consequent school changes have become an American phenomenon.

Common sense indicates that these changes affect children profoundly, but much of the analysis of these issues from an educational point of view is inconclusive.

The Traditional Role of Parent as Teacher has become more difficult in the past decade in light of curricular changes according to some observers. Parents have traditionally been willing, indeed eager, to complement the teacher and the school by reinforcing learning and helping their children with homework. In some courses, particularly mathematics, that has become more difficult since many parents no longer understand the subject matter.

Television has undoubtedly had an effect since by the age of 16, children may easily spend as much as 15,000 hours watching television—more time than they have spent in school.

In addition to these societal changes, there appear to have been significant changes within our schools.

Academic Course Enrollment Decline may be a factor in decreased achievement at the upper grade levels. Between 1970-71 and 1972-73, according to an NIE-funded study at CEMREL in St. Louis, enrollment in traditional academic courses dropped remarkably.

School Absenteeism became a severe problem from the late 1960's through the mid-70's. A 1975 report from the National Association of Secondary School Principals identified absenteeism as "the most perplexing student problem . . ." with rates of 15 percent common and up to 25 percent not unusual. Excessive student absenteeism hurts both the missing students and those in attendance if teachers feel they have to repeat work.

High school texts seem increasingly to be written down. A preliminary investigation by the Wirtz panel found high school texts to be written at a 9th or 10th grade level and increasingly devoted to pictures and attractive layouts at the expense of exposition and explanation. Moreover, the texts encourage multiple choice or single-response answers at the expense of writing and reasoning.

[The justification of the Department follows:]

Appropriation Language

National Institute of Education

For carrying out section 405 of the General Education Provisions Act, including rental of conference rooms in the District of Columbia, [$92,300,000] *$98,285,000*.

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DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

NATIONAL INSTITUTE OF EDUCATION

Amounts Available for Obligation

	1979	1980
Appropriation..................................	$96,614,000[1]	$98,285,000
Proposed supplemental appropriation........	160,000[2]	--
Total, obligations...........	$96,774,000	$98,285,000

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[1] For comparative purposes, includes $4,314,000 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES).

[2] For pay raise effective October, 1978.

Summary of Changes

1979 Estimated Budget Authority	$96,774,000*
1980 Estimated Budget Authority	$98,285,000
Net Change	+$ 1,511,000

	1979 BASE		CHANGE FROM BASE	
	Pos.	Amount	Pos.	Amount
INCREASES:				
A. Built-in:				
1. Within-grade increases	--	--	--	+$ 79,000
2. One extra day of pay in 1980.	--	--	--	+ 39,700
Subtotal				+$ 118,700
B. Program:				
1. Teaching and Learning--increase to improve levels of literacy in reading, writing, and other basic competencies required to function in American society	--	$39,535,000*	--	+$2,092,000
2. Program Direction and Administration--number of compensable work-years will increase	342*	13,686,000*	--	+$ 503,300
Subtotal				+$2,595,300
TOTAL, INCREASES				+$2,714,000
DECREASES:				
A. Built-in:	--	--	--	--
B. Program:				
1. Dissemination and Improvement of Practice--decrease due to slightly lower continuation costs in 1980 of activities begun in 1979	--	$25,012,000	--	-$ 12,000
2. Educational Policy and Organization--decrease attributed to the conclusion of several activities begun in previous fiscal years.	--	18,541,000	--	-$ 941,000
3. Program Direction and Administration--reduction in authorized positions	342*	13,686,000*	-9	-$ 250,000
TOTAL, DECREASES			-9	-$1,203,000
NET CHANGE			-9	+$1,511,000

*For comparative purposes, includes $4,259,000 under the Teaching and Learning program, and $55,000 and 2 positions for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES).

Budget Authority by Activity

	1979 Estimate		1980 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Research and Development:						
a. Teaching and Learning.	—	$39,535,000[1/]	—	$41,627,000	—	+$2,092,000
b. Dissemination and Improvement of Practice............	—	25,012,000	—	25,000,000	—	- 12,000
c. Educational Policy and Organization.........	—	18,541,000	—	17,600,000	—	- 941,000
Program Direction and Administration.............	342	13,686,000[2/]	333	14,058,000	-9	+[illegible],000
(Standard Level User Charge)..................		(903,000)		(903,000)		(—)
Total Budget Authority...	342	$96,774,000	333	$98,285,000	-9	+$1,511,000

[1/] For comparative purposes, includes $4,259,000 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES).

[2/] For comparative purposes, includes $55,000 for the transfer of funds from the National Center for Education Statistics (NCES) to direct and administer the National Assessment of Educational Progress program (NAEP); also includes a proposed supplemental of $160,000 contained in the President's Budget.

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Total number of permanent positions..	342*	333	- 9
Full-time equivalent of all other positions..........................	74	72	- 2
Average number of all employees......	382	394	+12
Personnel compensation:			
Permanent positions................	$ 7,573,000*	$ 7,998,000	+$ 425,000
Positions other than permanent.....	1,658,000	1,565,000	- 93,000
Other personnel compensation.......	92,000	92,000	—
Subtotal, personnel compensation................	$ 9,323,000	$ 9,655,000	+$ 332,000
Personnel benefits..................	810,000*	850,000	+ 40,000
Travel and transportation of persons............................	473,000*	473,000	—
Transportation of things............	102,000	102,000	—
Rent, communication and utilities....	1,523,000	1,523,000	—
Printing and reproduction...........	425,000	425,000	—
Other services......................	1,173,000	1,173,000	—
Project contracts...................	36,654,000*	35,722,000	- 932,000
Supplies and materials..............	71,000	71,000	—
Equipment...........................	51,000	51,000	—
Grants, subsidies and contributions..	46,169,000	48,240,000	+ 2,071,000
Total budget authority by object	$96,774,000*	$98,285,000	+$1,511,000

*For comparative purposes, includes the following amounts in FY 1979 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES):

o Personnel compensation/Permanent positions	$ 47,000
o Personnel benefits	5,000
o Travel and transportation of persons	3,000
o Project contracts	4,259,000
TOTAL.............	$4,2[illegible]4,000

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
National Institute of Education (Section 405 of the General Education Provisions Act)				
1. Research and Development...	($200,000,000	$83,088,000 [1]	($200,000,000 [3]	$84,227,000
2. Program Direction and Administration..........		13,686,000 [2]		14,058,000
	$200,000,000	$96,774,000		$98,285,000

/ For comparative purposes, includes $4,259,000 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES).

[2] For comparative purposes, includes $55,000 to be transferred from the National Center for Education Statistics (NCES) for the direction and administration of the National Assessment of Educational Progress program (NAEP).

[3] By authority of General Education Provisions Act (8/21/74), Section 414, Reference Section 405j.

NATIONAL INSTITUTE OF EDUCATION

Appropriation History Table

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1973	$142,671,000	$142,671,000	$142,671.000	$142,671,000
1974	187,897,000	143,371,000	75,700,000	75,700,000
1975	134,500,000	80,000,000	—	70,357,000
1976	80,000,000	80,000,000	70,000,000	70,000,000
Transition Quarter	20,000,000	20,000,000	20,000,000	20,000,000
1977	90,385,000	70,000,000	70,000,000	70,385,000
1978	109,600,000	90,100,000	90,100,000	90,100,000
1979	100,000,000	97,500,000	90,071,000	96,614,000 1/
Supplemental	160,000 2/			
1980	98,285,000			

1/ For comparative purposes, includes $4,314,000 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center on Education Statistics (NCES).

2/ For pay raise effective October, 1978.

Note: The appropriation for 1973 through 1978 does not include the following amounts for the transfer of NAEP from NCES:

1973: $7,035,000
1974: $4,357,000
1975: $4,540,000
1976: $4,944,000 (includes Transition Quarter)
1977: $4,648,000
1978: $4,853,000

JUSTIFICATION

National Institute of Education

	FY 1979 Current Appropriation	FY 1979 Revised President's Budget	FY 1980 Estimate	Increase or Decrease
A. Teaching and Learning....	$39,535,000[1]	$39,535,000[1]	$41,627,000	+$2,092,000
B. Dissemination and Improvement of Practice..	25,012,000	25,012,000	25,000,000	- 12,000
C. Educational Policy and Organization.........	18,541,000	18,541,000	17,600,000	- 941,000
D. Program Direction and Administration.......	13,526,000[2]	13,686,000[3]	14,058,000	+ 372,000
TOTAL	$96,614,000	$96,774,000	$98,285,000	+$1,511,000

General Statement

The National Institute of Education (NIE) will focus its FY 1980 budget for research, development, and dissemination activities on two major goals--advancing educational equity and improving educational practice. In pursuit of its mission, NIE supports research and dissemination activities to help reduce the predictive value of race, ethnic background, sex, and social class on individual educational attainment. The Institute also supports work to improve the processes of learning and instruction and the management of educational organizations and devotes a large proportion of its budget to the dissemination of research findings.

In order to focus most clearly on these complex issues, the FY 1980 program will address two major questions: (1) How do we best raise levels of literacy? and (2) What makes a good school?

Literacy, in the sense of mastery of the fundamental skills of reading, writing, and mathematics, is essential to successful functioning in a complex society and is increasingly a major concern of parents, teachers, and policymakers alike. This growing concern has led to efforts to identify the characteristics of effective schools, so that the information can be used throughout the educational system to reduce an apparent decline in student achievement.

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[1] For comparative purposes, includes $4,259,000 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES).

[2] For comparative purposes, includes $55,000 for the transfer of funds from NCES to direct and administer NAEP.

[3] For comparative purposes, includes $55,000 for the transfer of funds from NCES to direct and administer NAEP; also includes a proposed supplement of $160,000 contained in the President's Budget.

The FY 1980 program budget is divided among three general areas corresponding to the Institute's organizational structure. The three program areas are:

> Teaching and Learning--research on human learning and effective educational practices focused on the problem of literacy in the basic skills (reading, writing, and mathematics). A disproportionate percentage of persons lacking these skills are elderly, poor, Black, Hispanic, or other minorities. The program will expand knowledge about literacy and help teachers, schools, and other institutions in transmitting the literacy skills required for effective participation in society.
>
> Dissemination and Improvement of Practice--develops and supports systems for disseminating educational knowledge at the national, regional, State, and local level; and, in addition, conducts studies to improve these systems.
>
> Educational Policy and Organization--research is conducted on issues of finance, desegregation, law, governance, organization, and management as they apply to education. The central task is to find ways to improve the governance and organization of education that will lead to greater educational equity and improve the skills and effectiveness of local educators.

In preparing the program and budget, NIE receives policy guidance from the National Council on Educational Research (NCER). The Council is composed of fifteen members of the public who are appointed by the President and confirmed by the Senate. The FY 1980 budget reflects their policy guidance. For example, the Council enacted a policy requiring the Institute to use at least 20% of the budget for fundamental research; slightly more than 20% is included in the proposed budget. Another policy requires the Institute to reserve between 3 & 5% of its budget for funding unsolicited proposals (i.e., proposals for projects which do not respond to a specific program announcement but do pertain to NIE's overall mission). The unsolicited proposal funds, which are distributed among the three program areas in the budget materials, encourage the development of ideas by researchers, teachers, and school administrators who are in positions to identify local problems and research needs.

The Institute is planning to provide up to $29,800,000 in FY 1980 to support the work of 17 educational research and development laboratories and centers. These amounts are also distributed among the three program areas in the budget materials. The report of the Panel for the Review of Laboratory and Center Operations, mandated by Congress in 1976, was submitted to the Director of NIE and to Congress in January 1979. This report will be an important element in the Director's determination of funding levels and long-term relationships with individual laboratories and centers.

TEACHING AND LEARNING

Section 405 of the General Education Provisions Act

1979 Estimate		1980			Increase or Decrease	
Pos.	BA	Authorization	Pos.	BA	Pos.	BA
--	$39,535,000[1]	--	--	$41,627,000	--	+$2,092,000

Purpose and method of operations - The Teaching and Learning Program supports research to improve the understanding of learning, student achievement, and the development of literacy. The aim is to improve our ability to provide an education of high quality to all people regardless of race, ethnic background, language, or social class. The program is concerned with both the substance of what is being taught and the practice of teaching. The program seeks to improve the quality of education at all levels and in all settings. Contract and grant awards will be made in response to program announcements and advertisements after review by program staff and outside experts.

1980 Budget Policy - Improving such essential skills as reading, writing, and mathematics is the major focus of the FY 1980 Teaching and Learning Program. Continued attention is also placed upon the initiatives of the FY 1979 budget: student achievement, testing, and improving teaching. Increasing literacy is the recurring theme that brings together the following four objectives of the FY 1980 Teaching and Learning Program:

1. To seek a better understanding and to determine the most effective ways of teaching in the classroom.

   Activities will include:

   -- basic research on effective teaching techniques with a focus on schools serving students from different language and cultural backgrounds.

   -- studies at the Institute for Research on Teaching which help teachers diagnose reading problems.

   -- research aimed at improving the preparation and continuing the professional growth of teachers, especially in the areas of bilingual and multicultural education and the preparation of minority teachers.

   -- a study to determine whether the benefits derived through computers as an aid to teaching are worth the costs.

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[1] For comparative purposes, includes $4,259,000 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES).

2. To understand and improve the development of language communication and literacy skills -- reading, writing, comprehension, and speaking -- and ways that race, class, ethnic heritage, and culture bear upon language and literacy development.

Activities will include:

-- a major national grant competition involving basic research on the acquisition and use of reading, writing, and language skills.

-- work on the more complex types of reasoning and thinking processes as they relate to learning and student achievement.

-- developing and testing comprehensive instructional programs in reading, writing, oral communication, and the fine arts.

-- projects that focus on clarifying individual differences among children and tailoring instruction to meet those differences. Over 750,000 children in 26 states have participated thus far in these projects.

-- continued support of the Center for the Study of Reading which examines the transition from early reading to the stage where comprehension and retention are required.

-- operation of a national center conducting research on all aspects of bilingual education.

-- operation of a national clearinghouse which gathers information from a network of 33 regional centers on bilingual education and makes the information available to virtually every State and local education agency.

-- studies on how bilingual persons use their language at school and in the home, and the impact that communities have in developing bilingual programs.

-- study of how community colleges contribute towards literacy, especially among bilingual persons.

3. To understand how learning takes place outside of school in order to strengthen and reinforce the educational connections among the school, the work place, the home, and the community.

Activities will include:

-- a national grants competition involving basic research on how children, youth, and adults acquire and use knowledge outside of school.

-- studies to examine how learning opportunities for youth, provided by home, jobs, and community organizations, can better supplement in-school learning.

-- continuing activities on Experience-Based Career Education that adapt the program to fit the needs of handicapped, gifted, and bilingual and multicultural youth; and, that give States the capability of providing technical assistance to school districts using the program.

-- research on skills needed by adults in various work and non-work situations: what they are, how they are learned, and now they can be evaluated.

4. To improve our understanding of the value and use of tests and to improve techniques of conducting educational research.

Activities will include:

-- a major program to assess the performance of the Nation's children at various age and grade levels in each of the areas of reading, writing, and mathematics, and to provide technical assistance to SEA's and LEA's on the use of the findings. (National Assessment of Educational Progress)

-- studies to explore the role of testing in promoting learning including studies of tests that are designed to teach rather than only categorize or label students.

-- analyzing State and local programs that test for minimum competencies required for graduation from high school.

-- an evaluation of a program designed to encourage urban youth to take responsibility for higher achievement and the completion of their education.

-- studies to assess bias in standardized tests.

-- continued support of the University of Mid-America, a regional post-secondary open-learning system with a potential student population of eight million adults reached through televisions, cassette tapes, and other technological innovations. UMA operates through a consortium of eleven universities in Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, and South Dakota.

-- providing assistance to State and local school systems in obtaining reliable and up-to-date information on testing.

-- studies to improve the uses and methods of conducting evaluations of educational research programs.

Program Data and Accomplishments

Activity Description	FY 1979	FY 1980
o Students and schools using instructional materials developed by:		
- Southwest Regional Laboratory for Educational Development		
-- Students	1,700,000	1,850,000
-- Schools	7,200	7,300
- Wisconsin Research and Development Center for Individualized Schooling		
-- Students	3,200,000	3,500,000
-- Schools	11,000	11,500
-- Teachers	100,000	105,000
o States, agencies and other institutions using information or materials developed through NIE-funded projects:		
- Research to provide information that will help educators and institutions develop more useful and valid tests		
-- State education agencies	50	50
-- Local education agencies	2,000	2,000
-- Colleges and universities	2,000	2,000
- Research to help teachers become more effective in adapting instruction to meet the students' individual needs		
-- State education agencies	35	35
-- Local education agencies	170	170
- Research to contribute to development of educationally valid and legally enforceable minimum standards of competency in the basic skills		
-- State education agencies	47	50
-- Local education agencies	16,000	16,000
-- Colleges and universities	100	100

Activity Description	FY 1979	FY 1980
o State and local education agencies using information developed through NIE-funded projects:		
- Clearinghouse on Bilingual Education		
-- State and local education agencies	400	600
o Students participating in the Experience-Based Career Education Program	15,000	18,000
o Schools adopting the Comprehensive Career Education Curriculum	1,300	1,300
o Students viewing TV Career Awareness Programs	5,000,000	5,000,000
o School districts reached by the TV Career Awareness Project	1,000	1,000
o University of Mid-America; media experiment in seven States:		
- Registered students	9,000	10,000
- Estimated viewers	2,000,000	2,000,000

DISSEMINATION AND IMPROVEMENT OF PRACTICE

Section 405 of the General Education Provisions Act

1979 Estimate		1980			Increase or Decrease	
Pos.	BA	Authorization	Pos.	BA	Pos.	BA
—	$25,012,000	--	—	$25,000,000	—	-$ 12,000

Purpose and method of operations - The findings of educational research and development are of little benefit unless they are used by students, teachers, and schools. The Dissemination and Improvement of Practice Program aims to help teachers, schools, and administrators obtain and make effective use of new knowledge about education to improve local educational practice. Contract and grant awards will be made in response to program announcements and advertisements after review by program staff and outside experts

1980 Budget Policy - The four major objectives of the FY 1980 Dissemination and Improvement of Practice budget are:

1. To improve systems for collecting educational information and making it accessible to practitioners.

   Activities will include:

   - maintenance and improvement of the Educational Resources Information Center (ERIC) system, which compiles and analyzes educational research and development information to make it accessible to researchers and practitioners. Clearinghouses in the ERIC system focus on particular subjects, such as urban education, teaching, and reading and communication skills.
   - translation of research findings into forms and publications that are useful to practitioners.
   - support of satellite demonstration projects in Alaska and the Appalachian region that contribute to the education of underserved populations in isolated areas.
   - use of mass media, primarily radio, to bring various points of view about educational issues to the attention of the general public.

2. To assist in the development of regional programs that use new knowledge to improve practice and promote educational equity.

Activities will include:

-- grants to state education agencies for the development and refinement of comprehensive dissemination programs.

-- continuing a systematic exchange of educational research and development information to aid practitioners in solving problems and researchers in identifying pressing concerns through the regional educational laboratories such as the Northwest Regional Educational Laboratory in Portland and Research for Better Schools in Philadelphia.

-- fostering communication among state education agencies, laboratories and research and development centers, and local and intermediate education agencies.

-- grants to State and regional organizations to identify their own special needs, and develop and implement programs to address problems, with a particular emphasis on inner cities and rural areas.

3. To increase the participation of minority persons and women in educational research and development.

Activities will include:

-- support for training and personnel development of women and minority group members at the education laboratories and research and development centers.

-- conferences and short-term training in educational research and development for minorities and women.

-- research by minorities and women through post-doctoral fellowships and awards.

4. To investigate how researchers and practitioners can cooperatively improve educational practice.

Activities will include:

-- studies on how products and practices are implemented in schools.

-- evaluation of the results and impact of large-scale NIE dissemination programs so as to increase knowledge of successful strategies for improving practice.

— synthesis and interpretation of the results of several evaluations of dissemination programs to clarify the most effective methods in dissemination.

Program Data and Accomplishments

Activity Description	FY 1979	FY 1980
o Users of Educational Resources Information Center (ERIC) system giving practitioners and researchers easy access to research information on a wide range of problems and subjects	11 million	12 million
o Alaskan education satellite demonstration projects:		
-- Communities served	75	200
-- School districts served	51	51
-- Teachers participating	1,000	5,000
o Appalachian region education satellite project (13 States):		
-- Participants of formal courses and workshops	10,000	20,000
-- Cooperating colleges and universities	52	60
o States served through a regional program promoting the exchange of research and development information	50	50
o State Departments of Education participating in a program to build systems for disseminating research and development information	33	39

EDUCATIONAL POLICY AND ORGANIZATION

Section 405 of the General Education Provisions Act

1979 Estimate		1980			Increase or Decrease	
Pos.	BA	Authorization	Pos.	BA	Pos.	BA
--	$18,541,000	—	—	$17,600,000	—	-$941,000

Purpose and method of operations - The Educational Policy and Organization Program supports research on issues of organization, management, law, finance, and governance as they relate to education. The program also provides assistance to practitioners and policymakers to enable them to take advantage of what is learned through the research. The primary focus is the impact of policies and organizational structures on the capacity of educational institutions to provide equal opportunities and high-quality education. Contract and grant awards will be made in response to program announcements and advertisements after review by program staff and outside experts.

1980 Budget Policy - The three major activities of the FY 1980 Educational Policy and Organization budget are:

1. To increase equity in the financing of education by addressing issues related to the production, allocation, and expenditure of educational resources.

   Activities will include:

   -- technical assistance and policy analyses for State legislatures grappling with problems of how to reform the generation and distribution of resources for education.

   -- research on the impact of finance reforms on poor, minority, and handicapped students.

   -- research on how State and local tax policies influence education finance.

   -- research on the unique financial problems of rural and urban areas.

2. To improve the organization and management of educational institutions and their relationships with the communities they serve.

   Activities will include:

   -- research on how schools and school systems are organized and managed.

-- studies focused on the role of the principal as a key factor in providing quality education, including questions of recruitment, selection, evaluation, training, and in-service support.

-- studies focused on junior high schools and middle schools, investigating what types of institutions are most appropriate for educating young adolescents.

-- continued support for the Teachers' Center Exchange (at the Far West Laboratory), a network that help Teachers' Centers across the country provide skill training and professional development for classroom teachers.

-- research on the role of the family and the local community in the education of children and youth.

-- continuation of the National Center for Higher Education Management Systems, which helps colleges and universities improve their planning, budgeting, and management systems.

-- research on the organization and management of colleges and universities.

3. To improve the process by which educational policy is developed, influenced, implemented, and monitored at the Federal, State, and municipal levels.

Activities will include:

-- research on how legislative, judicial, and administrative policies are developed and implemented in the field of education. A primary objective of the research will be to understand how these policies have contributed to equal access to educational opportunity, giving consideration to such areas as sex discrimination, student rights and discipline, and education for the handicapped.

-- symposia and other techniques for helping urban school administrators learn about and use research results to improve the functioning of their school districts. Among the topics that might be included are declining enrollment, in-service training, desegregation, utilization of staff resources, and improved administration and management.

-- continued support for the National Task Force on Desegregation Strategies, including publications, conferences, and technical assistance for school administrators, board members, and lay persons involved in school desegregation activities.

- — a new grants competition that will support research on various aspects of desegregation, such as how schools and classrooms can be effectively integrated and how school staffs can be prepared to assist in successful integration.
- -- continued studies of youth policy, including analyses of the various local, State, and Federal programs focused on youth to see how resources are directed and whether gaps or duplication exist.

Program Data and Accomplishments

Activity Description	FY 1979	FY 1980
o State and local education agencies using information developed through NIE-funded projects:		
- Special publications on desegregation trends, judicial decisions, research methods, and minority students.	10,000	12,000
- Training institutes for school board members and administrators on school organization and management, law, and finance, conducted by the Center for Educational Research at Stanford.	280	560
o State legislatures participating in challenge grants or technical assistance activites on school finance reform conducted through the Education Commission of the States and the National Conference of State Legislatures.	15	20
o Teachers participating in activities of the Teachers' Center Exchange.	150,000	150,000
o Postsecondary institutions utilizing planning and management tools and manuals or technical assistance provided by the National Center for Higher Education Management Systems.	850	900
o States that receive NIE publications on school finance reform, tax wealth in the 50 states, and rural education problems.	50	50

PROGRAM DIRECTION AND ADMINISTRATION

Section 405 of the General Education Provisions Act

1979 Estimate		1980			Increase or Decrease	
Pos.	BA	Authorization	Pos.	BA	Pos.	BA
342*	$13,686,000*	—	333	$14,058,000	-9	+$ 372,000

Purpose and method of operations - Program Direction and Administration request provides funds to support NIE staff and related expenses for the planning, implementation, evaluation, and dissemination of educational research and development projects. These funds also support the National Council on Educational Research, the Institute's policy board.

1980 Budget Policy - The Institute is requesting funds to support 333 full-time permanent positions, a reduction of 9 positions from last year, to manage and monitor approximately 700 grants and contracts. The FY 1980 program will build on the activities supported in FY 1979 such as:

1. Establishing team management structures to increase the effectiveness with which staff are employed in the research management areas, and to increase the productivity in quality terms of the Institute. This concept will enable NIE to focus our staff resources creatively in a way which is appropriate to the relatively small size and highly specialized nature of our research management staff.

2. A strong affirmative action program, yielding high quality leadership which increased the percentage of minorities in the top 16 positions from zero to 31 and the percentage of women from 31 to 44.

3. Increased involvement by educational practitioners in peer review processes related to contract and grant awards and reviews.

4. The improved management of the educational research and development laboratories and centers through the establishment of a central office to deal with these institutions and the appointment of NIE staff as institutional monitors for individual labs and centers.

5. The continuation of the Upward Mobility Program which enables clerical employees to enter professional fields. In FY 78, 10 persons completed the program.

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*For comparative purposes, includes $55,000 and 2 positions for the transfer of the National Assessment of Educational Progress (NAEP) from the National Center for Education Statistics (NCES).

Accomplishments

- o Reorganization
  - -- reduced programs from 6 to 3
  - -- reduced divisions from 29 to 16
  - -- focused on goals of equity and practice
- o Affirmative Action in Senior Staff
  - -- increased minority representation from 31% in 1977 to 44% in 1978
  - -- increased women representation from 0% in 1977 to 31% in 1978
- o Unsolicited Proposal
  - -- increased the number of unsolicited proposals funded from 17 in 1977 to 33 in 1978
  - -- new procedures developed for regular review
- o Development of New Labs and Centers Program
  - -- improvement and stabilization of relations with the 17 educational research and development centers
  - -- appointment of institutional monitors
  - -- creation of separate office to handle issues related to labs and centers and organizations

TABLES

A. Contract and Grant Information

	FY 1979	FY 1980
GRANTS:		
Number	422	445
Average award*	$57,812	$59,000
CONTRACTS:		
Number	281	273
Average award*	$82,175	$82,978

*These figures represent the average grants and contracts awarded by the Institute. Awards to educational labs and centers have not been included in the average because of their unique institutional relationships with NIE.

B. Funding by Type of Recipient

NIE PROGRAM FUNDING BY TYPE OF RECIPIENT
(Estimates in millions of dollars)

TYPE OF RECIPIENT	FY 1979	FY 1980
Colleges and Universities	$28.9	$29.4
Non-Profit Organizations	38.9 1/	39.1
Profit-Making Organizations	5.3	5.6
State and Local Governments	8.1	8.1
Unaffiliated Individuals	1.9	2.1
TOTAL NIE PROGRAM FUNDS	$83.1	$84.3

NOTE: NIE awards contracts and grants primarily through a competitive, project-by-project basis rather than a formula basis. The information above, therefore, represents best estimates based on past experience in funding similar types of procurements.

1/ For comparative purposes, includes $4,259 for the transfer of the National Assessment of Educational Progress program (NAEP) from the National Center for Education Statistics (NCES).

C. Transfers from Other Agencies

	FY 1979	FY 1980
Department of HEW:		
Office of Education: (Bilingual clearinghouse)	$1,000,000	--
(Vocational education)	1,000,000	$1,000,000
Assistant Secretary for Education: (National Assessment of Educational Progress)	4,314,000	--
National Institute of Mental Health: (Testing Study)	50,000	
Assistant Secretary for Planning and Evaluation: (Testing Study)	50,000	--
Department of Labor: Career intern program	318,000	60,000
National Occupational Information Coordinating Committee	543,000	420,000
	$7,275,000	$1,480,000

D. Studies Authorized by Education Amendments of 1978 for Which No Funds are Requested in NIE Budget. The law generally gives the authority to request funds to other agencies such as the Office of Education, Department of Interior, etc.

	Amount Authorized
Community Education (Sec. 813)	$1,000,000
Parent Involvement (Sec. 125f)	Not specified
Population Education Clearinghouse (Sec. 392d)	$ 500,000
Gifted and Talented (Sec. 905a,b, and c(1))	Percent of OE set-aside
Bilingual Education (Sec. 742)	Part of $20,000,000
Educational Proficiency (Sec. 922(a)(3))	Not specified
Indian Education (Sec. 1121)	Not specified
Adult Education (Sec. 1307)	Not specified
School Finance (Sec. 1023)	Not specified

THURSDAY, MARCH 29, 1979.

OFFICE OF THE ASSISTANT SECRETARY FOR EDUCATION

WITNESSES

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
DOMENIC R. RUSCIO, DEPUTY ASSISTANT SECRETARY, EDUCATION RESOURCES
ERNEST J. BARTELL, C.S.C., DIRECTOR, FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION
MARIE D. ELDRIDGE, ADMINISTRATOR, NATIONAL CENTER FOR EDUCATION STATISTICS
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

INTRODUCTION OF WITNESSES

Mr. NATCHER. Now we take up next in the Education Division the Office of the Assistant Secretary for Education. We have Dr. Mary F. Berry, the Assistant Secretary for Education, with us at this time, and who do you have with you now at the table?

Dr. BERRY. I have Father Ernest Bartell, the Director of the Fund for the Improvement of Postsecondary Education; Marie Eldridge, Administrator of the National Center for Education Statistics; Domenic Ruscio, my Deputy Assistant Secretary for Education Resources; and Bill Forbush, representing the Office of the Secretary.

Mr. NATCHER. All right. Now, Dr. Berry, with your permission, we will insert your statement in its entirety in the record at this point.

[The information follows:]

STATEMENT BY THE ASSISTANT SECRETARY FOR EDUCATION
on
The Office of the Assistant Secretary for Education

Mr. Chairman and members of the Committee:

I appreciate this opportunity to discuss the fiscal year 1980 appropriation request for the Office of the Assistant Secretary for Education.

This request contains three elements: (1) program support for the Fund for the Improvement of Postsecondary Education; (2) program support for the National Center for Education Statistics; and, (3) salaries and expenses associated with these two operational programs and with my immediate office which is responsible for developing and communicating education policy. For fiscal year 1980, we are requesting a budget of $35,930,000, an increase of $1,761,000 over the comparable fiscal year 1979 level. This increase will support new program initiatives and also cover the cost of one new position for the National Center for Education Statistics.

For the Fund for the Improvement of Postsecondary Education we are requesting $14,000,000, an increase of $1,000,000 over the 1979 level. This funding level for 1980 would support a total of 190 projects, 15 more than in 1979.

Each year the Fund provides seed-money grants to carry out its two objectives: to improve postsecondary opportunities for those who seek them and to improve the quality of the postsecondary education which they receive. The Fund's approach is one which stresses the importance of local commitment -- administrators, teachers and counselors working with students. Preliminary evaluation results indicate that this strategy is effective. Checking back at least one year or later after Federal support ceases, this survey found that 70 to 80% of the projects continue to provide significant levels of service.

In 1980 the Fund plans to continue its improvement of educational services to learners through support of programs which extend educational opportunity to underserved groups, improve instructional programs in colleges, and serve the educational needs of working populations. Part of the increase for the Fund will be used for new projects which are designed to spread and install into new settings effective approaches which have been developed in given colleges and communities. The balance of the proposed increase will serve to improve services to learners through strengthened management practices in colleges. Past projects which address this priority include joint hiring of faculty by groups of institutions and utilization of existing community facilities rather than requiring the building of new facilities. This program represents a new direction for the Fund and will improve the ability of postsecondary institutions to meet the financial difficulties associated with declining enrollments and rising costs.

The National Center for Education Statistics is the primary Federal agency responsible for the collection, analysis and dissemination of statistics about the condition of education in the United States and abroad. The Center maintains a core of education statistics on institutions and individuals to monitor trends and address policy issues and supports a coordinated program of statistical services which provides: 1) assistance to

States in developing comparable data bases, 2) analyses which illuminate the meaning of data and 3) dissemination of timely useful information to the public. For the Center we are requesting $10,893,000 which is a net increase of $332,000 over our comparable 1979 level. This modest increase will serve to assist states in the implementation of the mandated vocational education data system.

The 1980 budget request for Program Direction and Support Services is for $11,037,000 and 262 positions, an increase of $429,000 and one position over the comparable 1979 level. Most of the increase will be required to cover built-in increases such as the increase in standard level user rates and annualization of positions not filled for all of 1979. In addition the increase supports one new position for the National Center for Education Statistics' Fast Response Survey System. This position will enable the Center to increase the number of fast surveys on policy relevant topics, thus assuring timely responses to the Congress, the Department and the education community. Finally, this increase provides $100,000 to expand the Education Data Acquisition Council's coordination function to include data acquisition activities of all Federal agencies. We will also continue our support at the 1979 level of the Education Policy Research Centers which act as a resource for indepth and sustained policy analysis. In 1980, the four Centers will continue to focus on four areas: (1) equal educational opportunity for disadvantaged children; (2) educational quality and improvement; (3) postsecondary educational and vocational skills, and (4) desegregation of educational institutions.

At this point I would be happy to answer any questions you may have.

MARY FRANCES BERRY

ASSISTANT SECRETARY FOR EDUCATION
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Mary Frances Berry was appointed Assistant Secretary for Education in the Department of Health, Education, and Welfare in 1977; she formerly served as the Chancellor of the University of Colorado, Boulder, and is on leave from her position as Professor of History and Law at the University.

Mary Berry was born in Nashville, Tennessee, where she attended public school. She earned both bachelor's and master's degrees at Howard University in Washington, D.C. and received the Ph.D. in History as well as the J.D. from the University of Michigan. She has held faculty appointments at Central Michigan University, Eastern Michigan University, the University of Maryland, College Park, and the University of Michigan. Dr. Berry is also a member of the Bar of the District of Columbia.

Dr. Berry also served as consultant to the Office of Policy Planning at the Department of Housing and Urban Development and the Office for Civil Rights at the Department of Health, Education, and Welfare. She was Provost and Chair of the Division of Behavioral and Social Sciences at the University of Maryland, College Park, prior to her selection as Chancellor of the University of Colorado, Boulder.

Dr. Berry's scholarly work in constitutional history and civil rights law is well known. Her publications include **Black Resistance, White Law: A History of Constitutional Racism in America; Military Necessity and Civil Rights Policy: Black Citizenship and the Constitution, 1861-1866; Stability, Security, and Continuity: Mr. Justice Burton and Decision-Making in the Supreme Court, 1945-1958.**

1980 BUDGET HIGHLIGHTS

Mr. **Natcher**. If you would like, you may say a word or two to highlight it, or we can go to the questions. We will be pleased to hear from you.

Dr. **Berry**. I will make a few comments.

This request supports two of the smallest programs within the Education Division, as well as funds for program direction and support. We are asking for $35,930,000, a $1 million increase for Father Bartell's Fund for the Improvement of Postsecondary Education; a $332,000 increase in Mrs. Eldridge's National Center for Education Statistics; and a $429,000 increase for program direction and support. More specifically, the increase for the Center will help the States implement the mandated vocational education data system. In program direction and support, we are asking for a $100,000 increase to fund the expanded workload associated with the new Paperwork Control Amendments of 1978. We are asking for one new position to operate the fast response survey system in the National Center for Education Statistics. This system provides for quick responses to current educational issues in which the Congress, the Department and the education community are interested.

So this request represents a small increase in the budget to support some very essential items. We would be pleased to answer any questions that you might have, Mr. Chairman, about any of these accounts.

Mr. **Natcher**. Thank you very much, Dr. Berry.

$1.8 MILLION INCREASE

The budget for the Office of Assistant Secretary for Education is $35.9 million. You show an increase of about $1.8 million over last year. Dr. Berry, in a tight budget, why can't you get by with the same amount as you had last year?

Dr. **Berry**. This is a small increase, as you note, Mr. Chairman. If we did not have the $1 million increase we are asking for in the Fund, we would not be able to support any of the new projects identified in our request which focus on cost-effective management improvements in institutions of higher education. We know such improvements are needed because these institutions are trying to manage declining enrollments, changes in new student population, and the like. The Fund gives us the best return on the investment we make. Seventy or 80 percent of the projects funded are continued after Federal funding ceases. It is a small investment in an enterprise that is greatly needed.

One of the major crises facing education officials in State and local government is the paperwork burden imposed by the federal government. The new Paperwork Control Amendments enacted by the Congress seek to reduce this data burden; our request for a $100,000 increase is a small investment considering the magnitude of the problem.

Mr. **Natcher**. If you had to have a reduction in your budget to last year's level of 1979, do you have any suggestions?

Dr. **Berry**. Well, Mr. Chairman, I think since we begin with a very small budget, reducing it would leave very little.

STAFF ALLOCATIONS FOR EDUCATIONAL POLICY

Mr. NATCHER. Dr. Berry, you have 261 positions authorized for your office. How many of these actually administer programs, and how many work on educational policy? Can you give us a breakdown?

Dr. BERRY. Yes, 60 staff members in my immediate office work on policy development. I have a chart here which shows a breakdown of positions, which I can enter for the record, Mr. Chairman. But most of the people are involved in the operating programs in the National Center or in the Fund for the Improvement of Postsecondary Education.

ROLE IN 1980 BUDGET REVIEW

Mr. NATCHER. I believe your office reviews the budgets for the Office of Education and the National Institute of Education?

Dr. BERRY. That is correct. My office reviews the budgets for the National Institute of Education, for the Office of Education, for the Fund, for NCES, and for the Institute of Museum Services—for all education activities in HEW.

IMPACT AID REDUCTION

Mr. NATCHER. Did your office recommend the reduction proposed in impact aid and other Office of Education programs, Dr. Berry?

Dr. BERRY. I did make the recommendation. I support the recommendation to eliminate B-students under impact aid for the reasons given earlier. We thought in a tight budget year that we would make up the resources to those children who needed it most by funding the concentration provision in Title I instead of funding the impact aid B-children, Mr. Chairman.

Mr. NATCHER. So you did make the recommendations and you stand by them?

Dr. BERRY. Yes, I made the recommendations and support them.

ADVICE TO THE SECRETARY

Mr. NATCHER. Now, if the Secretary has questions about educational policy, does he call you and consult with you?

Dr. BERRY. Yes, the Secretary takes advice from a number of sources. I give him advice on any matter concerning education anywhere within HEW or the Federal Government—or outside—that may come to his attention.

POLICY CENTERS

Mr. NATCHER. Does your office use outside contractors in developing educational policy?

Dr. BERRY. Yes, we have educational policy development centers which we fund at $962,000. We contract with these centers so that we can get timely, expert, relatively inexpensive, information from them without increasing our own staff.

Mr. NATCHER. If you will, describe the activities of the education policy research centers.

Dr. BERRY. These policy centers have been very useful to us. For example, one center developed much of the information which we used in the reauthorization of the Elementary-Secondary Education Act. That center also evaluated the losses and gains in student achievement which occur over the summer months when students are not in school in the Title I programs and described the process required to develop an individualized educational plan for a school child under the Education for All Handicapped Children Act. These centers provide us with information, in a timely manner, on policy issues which require immediate decisions. This is not long-term research similar to that conducted by NIE; nor is it demonstration projects, as in some of the other programs. Rather these are policy analyses from experts in the field, which allow for quick responses to the Secretary.

FEDERAL INTERAGENCY COMMITTEE ON EDUCATION

Mr. **Natcher**. Tell me, what is the main purpose of the Federal Interagency Committee on Education?

Dr. **Berry**. That is a good question, Mr. Chairman.

Mr. **Natcher**. That is the reason I asked it. Go ahead, Dr. Berry.

Dr. **Berry**. That committee, was created by Executive Order during President Johnson's Administration. It is supposed to provide a mechanism by which education program officials in the various Departments and agencies exchange information, decide whether there is overlap or duplication in any of their programs and activities, and make recommendations. So this committee allows for interaction and cooperation on educational issues among various government entities.

Mr. **Natcher**. What incentive is there for other Federal agencies to cooperate with this committee?

Dr. **Berry**. There is very little incentive, Mr. Chairman. I must point out to you that some of the dissatisfaction with FICE results from the difficulty in obtaining voluntary cooperation across governmental agency lines. The administration has proposed in its Department of Education bill that a statutory interagency committee be established, with power to obtain cooperation, thereby lessening duplication among government agencies.

But FICE has made some contributions. The members developed a statement describing what they thought a comprehensive Federal educational policy should be. Recently, FICE, in collaboration with several education associations, developed a guide to assist colleges and universities in bringing their catalogs into compliance with Federal laws and regulations. This document has been widely distributed and, I am told, has been very well received by the schools. So FICE has had some successes, but has not been as strong an organization for interagency cooperation as we would like.

NEW PROJECTS FOR THE FUND

Mr. **Natcher**. Now, let's take up the Fund for the Improvement of Postsecondary Education. The budget for the Assistant Secretary for Education includes $14 million for this program. Your budget proposes to start 70 new projects at a cost of $5 million. What is the urgency for launching that many new projects at one time?

Dr. **Berry**. I will let Father Bartell speak to that question.

Mr. **Natcher**. Go ahead, Father.

Father **Bartell**. The Fund was established as a grant-making organization to support program improvements in every area of postsecondary education on a competitive basis by responding to local initiative; the program has expanded to the point where we now receive anywhere from 1,600 to 2,000 proposals a year; a large percentage of them have merit. At existing budget levels we are able to fund fewer than 100 new projects of the approximately 2,000 proposals received each year; as a result, we really are not able to do the job we were established to do. The proposed budget would allow us to support 43 new and 120 continuing projects in the comprehensive program as well as to take on a few of the initiatives for the eighties that Dr. Berry referred to, particularly in the area of the management of decline in educational institutions.

We have done some of that already; for example, we have supported a joint faculty appointment among educational institutions, so that they can avoid duplication of faculty and resources. We have supported colleges and universities to use community facilities and resources wherever possible for their students instead of duplicating existing facilities and resources.

We have tried to support projects to retrain faculty. As you know, there are redundant faculty now in some fields and areas, and this hurts institutional vitality; by retraining faculty for more productive areas, we can help keep the institutions viable.

So, our hope is that the extra budget will enable us to support a larger percentage of the excellent proposals which we receive.

COMPREHENSIVE PROGRAM

Mr. **Natcher**. Now, your budget refers to a comprehensive program. What do you mean by comprehensive program?

Father **Bartell**. The Comprehensive Program is a program based on local initiative; colleges, universities and other agencies can submit proposals to us. We establish a competitive grant process in which we evaluate the proposals on the basis of need, local commitment, and cost-effectiveness of the program. The proposals can cover any postsecondary subject, from access of new learners to higher education to improvement of quality in existing programs in postsecondary education. That is why it is called comprehensive.

$1.2 MILLION TRANSFER FROM DEPARTMENT OF LABOR

Mr. **Natcher**. Recently the Labor Department announced a transfer of $1.2 million to HEW for youth employment demonstration projects. Why does the Labor Department want your office involved with employment programs?

Father **Bartell**. They believe that one area of community service which has not been involved in the youth employment program has been the institutions of higher education. The Youth Employment Demonstration Project Act deals with youth from 16 to 21 years old through the college years. Many of these youth have potential as college and university students; if the right programs are developed by these institutions, more career options could be open to them.

Dr. **Berry**. Mr. Chairman, in my conversations with the Labor Department before they made this transfer of funds, they indicated that they were very pleased with the success of the Fund's projects and their good relationships with institutions of higher education. The Department of Labor does not have these relationships, and so they felt that the Fund was the very best place to develop these kinds of activities for youth. So we are doing it for them, and we are pleased to be cooperating with them in this endeavor.

Mr. **Natcher**. Would the $1.2 million go to universities and colleges?

Father **Bartell**. One million dollars is program money. It would go to universities, colleges and any other agency that might serve postsecondary program needs. Grants could be awarded, for example, to community-based agencies such as libraries or museums, or other agencies working in concert with colleges. We expect, however, that most of the grants will go to colleges and universities, particularly community colleges.

Mr. **Natcher**. Where does this transfer of $1.2 million show in the justification? Dr. Berry, you have that so far down in there we haven't been able to find it. Where do you show that now?

Dr. **Berry**. The transfer occurred after the justification was submitted.

Mr. **Natcher**. It is not in there?

Dr. **Berry**. That is correct.

Mr. **Natcher**. All right. That is the answer to it.

COMPLETED PROJECTS

Since the Fund was created in 1972, how many projects have been completed?

Father **Bartell**. I will have to get the exact number for the record.

Dr. **Berry**. We will give you the number for the record.

[The information follows:]

Project completions

Fiscal year:	Projects
1973	90
1974	102
1975	96
1976	81
1977	21
1978 (estimate)	175
Total	565

Mr. **Natcher**. Briefly tell us about one or two of these projects. As you look back on the list of completed projects, one or two that impressed you some.

Father **Bartell**. One especially successful project, at the University of Kentucky in Lexington, seeks to facilitate the reentry of women into higher education and into careers by providing the kind of services that an adult woman who has been out of the mainstream would need.

Mr. **Natcher**. That sounds like a good project to me, Father.

Father **Bartell**. I would also like to cite one project now underway that relates to some of the testimony given earlier on the Work Study program. Since Work Study is an important component of student aid, we have been trying to support colleges and universities in developing employment opportunities for students supported by work study which also relate to their educational program. Thus, the jobs will not simply be, for example, dishwashing jobs in the cafeteria but will be a form of experimental learning or internship. This means finding student work-study employment that relates to the student course or major program. An important effort to this is underway in the State college system in Virginia. It provides some incentive to the institutions to use their work-study money not only to provide financial support but also to offer actual work experience for the students.

HIGHEST AMOUNT AWARDED FOR A PROJECT

Mr. **Natcher**. What is the highest amount awarded to a single project last year?

Father **Bartell**. The highest amount awarded was $210,000. The typical grant is approximately $50,000 or $60,000.

Mr. **Natcher**. Just briefly, what does this project consist of? The one now as far as the highest amount?

Father **Bartell**. The $210,000?

Mr. **Natcher**. What type of project is it?

Father **Bartell**. The project supports the development of a national association of community-based agencies providing educational services for adults and underserved clienteles in a very cost-effective way, using community resources. Agencies such as these do not have easy access to government support through existing categorical programs, so our grants provide seed money for developmental assistance through the Clearinghouse of Free-standing Community-based Organizations.

PROJECT COORDINATION

Mr. **Natcher**. As you know, there are other offices and agencies supporting demonstration projects in postsecondary education. How are all these projects coordinated?

Dr. **Berry**. In the first place, Mr. Chairman, the Fund's programs are distinguished by their authorizing legislation. This program has great flexibility in funding projects. Before grants are awarded, as I understand, the Fund's staff checks with other agencies to ensure that there is no overlap or duplication in projects.

Father **Bartell**. Our program officers are all assigned a liaison role with other agencies, both in the Department and outside, such as the National Science Foundation and the National Endowment for the Humanities.

EVALUATIONS OF NCES ACTIVITIES

Mr. **Natcher**. Let's take a look at the National Center for Education Statistics. You have here the sum of $10,893,000. Has there been any recent evaluation of the Center's activity?

Dr. **Berry**. Yes, at the request of the Secretary, the Assistant Secretary for Management and Budget recently performed an evaluation, which was directed at determining how NCES functioned within the Department and how it related to the other agencies within the Department.

Mr. **Natcher**. Dr. Berry, generally how do you feel about the National Center?

Dr. **Berry**. I feel that it plays an important role in providing statistical analyses and data necessary for the program operations in the Department. This information is necessary for the development of policy, analysis, and recommendations to the Secretary on education issues. It is very important to the education community outside the Department, to scholars and others who work in education in providing information to them and to the Congress on the condition of education in this country.

MANDATED WORKLOAD

Mr. **Natcher**. Can you tell us how much of the Center's workload is directly mandated by legislation?

Dr. **Berry**. Mrs. Eldridge will comment on that.

Mrs. **Eldridge**. I will submit that information for the record, but in terms of a very broad interpretation of the mandate to report on the condition of education, there is very little that we do that is not specifically mandated.

Mr. **Natcher**. All right. You can amplify that in the record when you get it back.

[The information follows:]

MANDATED STUDIES

The Education Amendments of 1974 which established the Center within the Office of the Assistant Secretary for Education, mandated NCES to:

(1) collect, and from time to time, report full and complete statistics on the condition of education in the United States;
(2) conduct and publish reports on specialized analyses of the meaning and significance of such statistics;
(3) assist State and local educational agencies in improving and automating their statistical and data-collection activities; and
(4) review and report on educational activities in foreign countries.

To respond to these mandates NCES staff plan, design and conduct surveys; provide assistance to States to develop comparable statistical systems; analyze data to clarify the meaning and significance and improve quality; publish data and analyses and disseminate tabulations and publications. In this regard virtually all of the Center's workload is mandated by legislation.

In addition the Congress further required NCES to carry out specific studies within the mandates of 1974. The following table identifies those studies, with the authorizing legislation and the total cost for FY 1980.

Legislation	Mandated Study	FY 1980 (estimate)
P.L. 93-380	report annually on the condition of education	$ 75,000
P.L. 94-482	develop and implement a national vocational education data system	1,550,000
P.L. 94-482	conduct a continuing survey of supply and demand and	310,000
P.L. 95-561	develop profiles showing the degree to which each State has equalized its resources for elementary-secondary education	845,000
	TOTAL	$2,780,000

In this regard $2,780,000 of the FY 1980 budget of $10,893,000 is allocated to specifically mandated studies.

VOCATIONAL EDUCATION DATA SYSTEM

Mr. **Natcher**. According to your budget document the Center is working on a vocational education data system. What is the purpose of this system?

Mrs. **Eldridge**. The vocational education data system was mandated in the Education Amendments of 1976. The basic thrust behind this was that the Congress and those involved in vocational education were not satisfied with the data that were currently available. The information on the operation of the vocational education programs, both those Federally-funded and not Federally-funded within the States was not useful.

We have launched a fairly extensive survey system which has just now gone out into the field to collect data on program completers and leavers in vocational education programs throughout the country.

We will also follow students to determine whether or not they effectively utilized the vocational education in their employment, and whether completion of these programs actually impacted their successful employment.

Mr. **Natcher**. Can you tell me when the system will be ready to operate?

Mrs. **Eldridge**. The data forms are now out in the field, and we are collecting the first data in this school year.

Mr. **Natcher**. What is the expected cost?

Mrs. **Eldridge**. The cost of the vocational education data system is about $1½ million. Roughly a million of that is in technical assistance to the States to assist us in developing the capability to actually collect the data.

SCHOOL FINANCE DATA

Mr. **Natcher**. The budget indicates that you are planning to reimburse the Bureau of the Census for collecting school finance data from all 16,000 school districts. When will this project be completed?

Mrs. **Eldridge**. The system will be completed in 1981. That activity involves expansion of the Census of Governments' school finance survey which does not currently give us the data at the school district level. This will supply the information needed for the mandated State profiles in the 1978 Education Amendments.

Mr. **Natcher**. Is it necessary to collect data from all the school districts?

Mrs. **Eldridge**. Yes, if we are to carry out the mandate in the 1978 Amendments.

Mr. **Natcher**. Will the data be available prior to the Elementary Secondary Education reauthorization in 1982?

Mrs. **Eldridge**. We are hoping that they certainly will be.

Dr. **Berry**. It will be ready, Mr. Chairman.

STANDARD TERMINOLOGY

Mr. **Natcher**. The National Center has spent many years developing standard terminology for education statistics. Is this still a continuing project, or has it been completed?

Mrs. Eldridge. It is a continuing project. One of the main ingredients for reducing data burden is to implement standard definitions. For example, as we expand our data collection efforts, in vocational education, a new area for the Center, we had to standardize definitions of the terms for the entire field.

Mr. Natcher. What has been the cost of this project so far?

Mrs. Eldridge. NCES has spent $235,000 to develop and implement standard definitions and terminology for the vocational education data system.

Mr. Natcher. How widespread is the usage of the standard terms developed to date. Are they used considerably?

Mrs. Eldridge. Yes, in the last two years we have conducted workshops to implement the various handbooks which we have developed. Without implementation, of course, one cannot anticipate that they are going to be utilized to the extent they should.

COMPARABLE STATISTICAL SYSTEM

Mr. Natcher. The National Center is also assisting States to develop comparable statistical systems. What are these comparable statistical systems?

Mrs. Eldridge. In the vocational education data system it is absolutely imperative that the States have comparable systems because they must aggregate the data from the local level to the State and report these aggregates to the National Center. For all other NCES data reporting systems it is also essential that the States have comparable systems, and that they correlate closely with the requirements of Federal reporting. This substantially reduces the data burden and permits comparisons of data between States, which is quite important today.

DECLINING SCHOOL ENROLLMENTS

Mr. Natcher. Is the Center collecting any data on the problem of declining school enrollments?

Mrs. Eldridge. Yes, we are looking into the development of a model to forecast the impact of declining school enrollments.

SCHOOL FACILITIES

Mr. Natcher. Have there been any recent surveys on the current and projected needs for school facilities?

Mrs. Eldridge. I don't believe so, at least not in the elementary and secondary area.

CLOSING REMARKS

Mr. Natcher. This completes the education division budget request before the Committee, and, Dr. Berry, I want to thank you and your associates sitting at the table with you, and all of those who have been with you during the hearings, I think we have had excellent hearings, and Mr. Wolff as one of the Assistant Secretaries, anyone who wants to know, you tell them you heard me say that the hearings have been excellent.

You know, Dr. Berry, you handle yourself well because you know your subject, and that makes it much easier. I want you to know that we appreciate it.

Dr. BERRY. I appreciate your remarks, and they are even more appreciated since they come from one of the finest Congressmen with one of the finest records. I am pleased to have you here as Chairman of the committee.

Mr. NATCHER. Thank you very much. We want all of you to know, and you tell them, Dr. Berry, that the hearings have been excellent, and we appreciate it.

[The justification of the Department follows:]

Appropriation Estimate

Salaries and Expenses

For necessary expenses to carry out sections 402, 404 and 406 of the General Education Provisions Act, [$38,483,000] *$35,930,000* of which not to exceed $1,500 may be for official reception and representation expenses.

Language provision	Explanation
"...of which not to exceed $1,500 may be for official reception and representation expenses."	There is no authorizing legislation for this provision. However, as spokesperson for the Department on education affairs, the Assistant Secretary is frequently involved in receptions for officials of the education community. This language would provide a minimal allowance for such costs for the Assistant Secretary for Education, the Commissioner of Education, and the Director of the National Institute of Education.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

Office of the Assistant Secretary for Education
Salaries and Expenses

Amounts Available for Obligation

	1979	1980
Appropriation............................	$38,483,000	$35,930,000
Comparative transfer to: National Institute of Education for the National Assessment of Educational Progress................	-4,314,000 1/	---
Total adjusted BA obligations...............	$34,169,000	$35,930,000

1/ Includes 2 positions.

Budget Authority by Activity

	1979 Estimate		1980 Estimate		Increase or Decrease	
	Pos.	Amount	Pos.	Amount	Pos.	Amount
Fund for the improvement of postsecondary education............	---	$13,000,000	---	$14,000,000	---	$+1,000,000
National Center for Education Statistics:						
(a) Education statistics.......	---	5,390,000	---	4,854,000	---	- 536,000
(b) Statistical services.........	---	5,171,000	---	6,039,000	---	+ 868,000
Program direction and support services.....	261	9,854,000	262	10,222,000	+ 1	+ 368,000
Standard level user charges..............	---	754,000	---	815,000	---	+ 61,000
Total Budget Authority...........	261	34,169,000	262	35,930,000	+ 1	+1,761,000

Summary of Changes

1979 Estimated Budget Authority........................	$34,169,000
1980 Estimated Budget Authority........................	35,930,000
Net Change................................	+1,761,000

	1979 Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Increases:				
A. Built-in:				
1. Annualization of increased pay costs.....	---	$410,000	---	$+ 11,000
2. Within-grades...........	---	38,000	---	+ 48,600
3. Annualization of positions not filled for all of FY 1979......	---	187,500	---	+ 62,500
4. Increases for mail and FTS......................	---	432,000	---	+ 80,000
5. Extra paid days.........	---	---	---	+ 53,000
6. SLUC rate increase......	---	754,000	---	+ 59,000
7. Increased contribution to Office of Federal Employee Compensation............	---	13,000	---	+ 5,000
Subtotal.......		---		+319,100
B. Program:				
1. Increase in temporary employment costs........	---	197,300	---	+ 15,900
2. Increase for contractual services associated with Federal Education Data Acquisition Council.	---	---	---	+100,000
3. Increased costs associated with one new position in NCES, includes compensation, benefits, SLUC, supplies and equipment..	---	---	+ 1	+23,000
4. Net increase in the National Center of Education Statistics in area of statistical services.................	---	10,561,000	---	+332,000
5. Net increase required to support 27 new projects in the Fund for the improvement of post-secondary education....	---	13,000,000	---	+1,000,000
Subtotal...........	---	---	+ 1	+1,470,900
Total, increases.......	---	---	+ 1	+1,790,000

	1979 Base		Change from Base	
	Pos.	Amount	Pos.	Amount
Decreases:				
A. Program:				
1. Decrease in field reader travel costs.....	---	$ 55,000		- 15,000
2. Decrease in TAPS and other contractual services................	---	14,000		- 14,000
Total, decreases........				- 29,000
Total, net change...............	---	---	+ 1	1,761,000

Budget Authority by Object

	1979 Estimate	1980 Estimate	Increase or Decrease
Total number of permanent positions......................	261	262	+ 1
Full-time equivalent of all other positions................	15	18	+ 3
Average number of all employees..	270	272	+ 2
Personnel compensation:			
Permanent positions............	6,414,000	6,591,000	+ 177,000
Positions other than permanent....................	186,000	201,000	+ 15,000
Other personnel compensation...	130,000	130,000	---
Subtotal, personnel compensation...............	6,730,000	6,922,000	+ 192,000
Personnel benefits...............	593,000	610,000	+ 17,000
Travel and transportation of persons.........................	269,000	269,000	---
Transportation of things.........	10,000	10,000	---
Rent, communications and utilities......................	550,000	630,000	+ 80,000
Standard Level User Charges....	754,000	815,000	+ 61,000
Printing and reproduction........	186,000	186,000	---
Other services....................	1,400,000	1,476,000	+ 76,000
Project contracts..............	10,154,000	10,486,000	+ 332,000
Supplies and materials...........	53,000	53,000	---
Equipment.........................	63,000	66,000	+ 3,000
Grants, subsidies and contributions..................	13,407,000	14,407,000	+1,000,000
Total budget authority by object........................	$34,169,000	$35,930,000	$+1,761,000

Significant Items in House and Senate Appropriations Committee Reports

Item	
1979 Senate Report	
1. Committee recommendation that NCES provide more concise and definitive explanations of its purposes, activities, and accomplishments (page 122).	1. The Center has made improvements in the budget narrative by (1) revising the overall purpose (goal) statement to include additional responsibilities under the legislative mandates of 1976 and 1978; (2) providing explicit objectives for each major component of the Center's program, i.e. Education statistics and Statistical services and highlighting of policy-relevant issues being addressed by our agency; (3) summarizing the program activities designed to accomplish each objective and (4) describing succinctly in table format the Center's progress toward meeting each objective.
2. Committee recommendation that NCES explain how its materials and data are used and who the major users are (page 122).	2. NCES data are used by the Congress, HEW and other Federal agencies, State agencies and nongovernmental institutions and organizations. Examples of the use and users of data include: - Elementary/secondary information is used by States for planning and resource allocation; OE for assessing equality of educational opportunity resource allocation, evaluation studies and developing legislation; and Congress for reports on supply and demand. - Higher education data are used by OE to distribute three-quarters of a billion dollars in student financial

	aid funds and to award grants to developing institutions, OCR to enforce compliance, NIE for the Higher Education Cost Index, and BLS for labor market estimates. In addition, efforts have been made to address this concern in the budget narrative.
3. Committee recommendation that NCES provide an explanation of how data already collected by the National Longitudinal Study have been used and their impact on education decision making (page 122).	3. This study has been used for Federal policy to develop tax credit models, vocational education assessments, student financial aid programs, analyses of the affects of early marriage and childbirth on education and work, and assessments of equality of education opportunity. Approximately 180 policy research studies have been or are being developed from this data base.
4. Concern over funding for voluminous manuals of questionable use with suggestion that NCES use resources to increase analysis of data (page 122).	4. Several publications with institutional listings have been cancelled and reports with tabular material and little or no interpretive text have been reduced by approximately 25%. Emphasis is being placed upon the preparation of specific tables and computer tapes of particular interest to users.
5. Committee recommendation that NCES continue to work, explain, and reduce the burdens that NCES report forms place upon institutions and States. Suggests careful analysis of each reporting form to pinpoint the relationship to some useful purpose to eliminate many concerns (page 122).	5. NCES generates 2% of the total paperwork burden from the Education Division as reported by OMB June 30, 1978. All NCES forms are reviewed by the Education Data Acquisition Council's intra-agency committees. In this review the survey sponsor must identify the uses of data and then justify as necessary, estimate respondent burden and demonstrate to the extent possible no

	apparent duplication. In addition, the Center is reviewing its major data systems with the user community to establish priorities and reduce reporting burden.
6. Committee recommendation that NCES provide for the timely turnaround of information to institutions and States which would make it clear that the reports that are sent to NCES are being gathered so that up-to-date, useful information be supplied to the appropriate users of NCES information (page 122).	6. NCES is providing more timely data to users by (1) utilizing a special staff to assure immediate disposition of all data requests, (2) releasing preliminary data (3) increasing the number of bulletins and early releases with summary statistics and (4) expanding the computer services program to provide timely data through computer tapes, microfiche, on-line access and special tabulations.
7. Committee expects the funds provided for the National Assessment of Educational Progress (NAEP) to be transferred from NCES to the National Institute of Education, if such a provision is included in the final ESEA authorization. (Page 122).	7. This budget reflect the transfer of NAEP to the National Institute of Education.

Authorizing Legislation

	1979 Amount Authorized	1979 Estimate	1980 Amount Authorized	1980 Estimate
Salaries and Expenses:				
1. Fund for the improvement of postsecondary education (General Education Provisions Act, sec. 404)	$75,000,000	$13,000,000	$75,000,000	$14,000,000
2. National Center for Education Statistics (GEPA, sec. 406)........	30,000,000	10,561,000	30,000,000	10,893,000
3. Program direction and support services (GEPA, sections, 402, 404, 406; HEA I-B)................	Indefinite [1]	10,608,000	Indefinite [1]	11,037,000
TOTAL BA................		34,169,000		35,930,000
TOTAL BA AGAINST DEFINITE AUTHORIZATION.........	105,000,000	23,561,000	105,000,000	24,893,000

[1] The amount available for salaries and expenses of the National Center for Education Statistics is limited to $14,000,000 in fiscal years 1979 and 1980.

Office of the Assistant Secretary for Education

Year	Budget Estimate to Congress	House Allowance	Senate Allowance	Appropriation
1973	$33,078,000	1/	$32,078,000	24,296,000 2/ 3/
1974	35,862,000	$26,082,000	20,082,000	20,045,000 2/ 3/
1975	36,929,000	29,370,000	29,000,000	24,460,000 2/ 3/
1976	43,221,000	35,887,000	32,887,000	27,943,000 2/ 3/
1977	34,932,000	34,682,000	33,682,000	29,034,000 3/
1978	40,599,000	37,379,000	34,559,000	31,426,000 3/
1979	46,257,000	39,363,000	37,603,000	34,169,000 3/
1980	35,930,000			

1/ Not considered by the House.

2/ Includes comparative transfer from the Office of Education for administrative costs previously covered in the Office of Education appropriation "Salaries and Expenses": FY 1973 -- $305,000; FY 1974 -- $321,000; FY 1975 -- $340,000; and FY 1976 -- $387,000.

3/ Reflects comparative transfer to the National Institute of Education for the National Assessment of Educational Progress previously covered in the Office of the Assistant Secretary for Education appropriation "Salaries and Expenses": FY 1973 -- $7,035,000; FY 1974 -- $4,537,000; FY 1975 -- $4,540,000; FY 1976 -- $4,944,000; FY 1977 -- $4,648,000; FY 1978 -- $4,853,000; and FY 1979 -- $4,314,000.

Justification

Salaries and Expenses

	1979 Estimate Amount/Pos.	1980 Estimate Amount/Pos.	Increase or Decrease Amount/Pos.
Fund for the improvement of postsecondary education......	$13,000,000 (---)	$14,000,000 (---)	$+1,000,000 (---)
National Center for Education Statistics..................	10,561,000 (---)	10,893,000 (---)	+ 332,000 (---)
Program direction and support services......................	10,608,000 (261)	11,037,000 (262)	+ 429,000 (+ 1)
Total..................	34,169,000 (261)	35,930,000 (262)	+1,761,000 (+1)

General Statement

The Office of the Assistant Secretary for Education is responsible for both the direction and supervision of the Education Division and also for coordination and general supervision of educational activities performed elsewhere in the Department. As part of the function of the Office, the Assistant Secretary for Education serves as the key spokesperson and advocate for education in assuring that the Department provides professional and financial assistance to strengthen education in accordance with Federal laws and regulations and serves as Chairperson of the Federal Interagency Committee on Education, set up by Executive Order 11761 to coordinate educational programs and policies throughout the Federal level. In addition, the Assistant Secretary serves as the principal advisor to the Secretary of Health, Education, and Welfare on education affairs.

This appropriation provides funds for administrative expenses associated with the development and communication of education policy and for the administration of two programs of the Office: the Fund for the Improvement of Postsecondary Education and the National Center for Education Statistics. In addition, this activity provides for continued contractual support of policy analysis activities conducted by the Education Policy Research Centers, relevant to the Office's role of developing educational policy.

In accordance with P.L. 95-561, this budget reflects the transfer of the National Assessment of Educational Progress from the Office of the Assistant Secretary for Education to the National Institute of Education.

This budget also provides for the continuation of other existing programs. The Fund for the Improvement of Postsecondary Education will continue and expand its efforts to demonstrate practical approaches to strengthen postsecondary education programs and policies. The National Center for Education Statistics will continue in its role of collecting, analyzing, and reporting on education statistics; assisting States and local educational agencies in devising and implementing standardized statistical systems; and carrying out the various statistical activities mandated by the Education Amendments of 1976 and 1978. In addition to the program funding requested for the Center, this budget contains a request for the salaries and related expenses for one additional position to increase the timeliness of its data.

1. Fund for the improvement of postsecondary education
   (General Education Provisions Act, section 404)

1979 Estimate		1980			Increase or Decrease
Pos.	BA	Authorization	Pos.	BA	
18	$13,000,000	$75,000,000	18	$14,000,000	+1,000,000

Narrative

Purpose and method of operations

The Fund was established in 1972 to improve the effectiveness of postsecondary education. It does so through the support of operational projects which demonstrate practical steps taken by educators and communities to strengthen educational programs and policies beyond the high school level.

Grants and contracts are awarded to postsecondary education institutions and agencies to carry out specific projects. All program funds are awarded to applicants who successfully compete in either general or targeted program competitions which are announced annually. State postsecondary education commissions comment on all applications, and the Fund's Board of Advisors makes program and grant recommendations to the Director.

1980 Budget Policy

The 1980 budget requests $14,000,000 for the Fund's program activities, an increase of $1,000,000 over the 1979 level.

Of this amount, $12,000,000 is for 43 new and 120 continuing projects within the Comprehensive Program, a broad competition which annually attracts 2,000 proposals from colleges, universities, community based organizations, and others which provide postsecondary educational services. Through this program, generally small "seed money" grants are awarded to assist colleges in efforts they undertake to improve educational services for learners. Just as the Federal government remains a "junior partner" in supporting most of these approaches, so the competition is designed to insure that the ideas for improving education come, not from Washington, but from the field itself. Among the important areas in this program, large numbers of projects seek to:

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--Extend effective educational opportunity, through improved counseling and instructional programs for adult women returning to school and careers, minority students advancing into professional fields, and unemployed youth;

--Serve the educational needs of working populations, by supporting programs which extablish a better relationship between educational programs and the requirements of jobs and careers; and

--Improve instructional programs in colleges, in a period of little or no growth in enrollment or staff, through strengthening of undergraduate and liberal arts curricula and enhancing the importance of teaching in hiring and promoting faculty, among others.

There is evidence that the Comprehensive Program strategy has been effective. Preliminary evaluation results indicate that 70-80% of past projects continue to provide significant levels of service after Federal support ceases, and that over 90% achieved their stated purposes.

An amount of $1,200,000 is to be awarded for 17 new projects in the Adapting Improvements competition which is designed to spread effective practices from their original locations to new settings. Again, the Fund relies upon educators in the field, not in Washington, to design effective approaches for disseminating activities which have evidence of improving learning for students. This competition was begun in FY 1979 with a focus on colleges serving adult learners. Effective counseling of instructional and support services for older students was identified through the proposal process, and modest grants were awarded for projects designed to extend these approaches to other colleges or other agencies.

Finally, $800,000 will be awarded in 1980 for 10 new projects designed to improve services for learners through strengthened management practices in colleges. In the 1980's, many colleges can anticipate continued rising costs, little or no growth in enrollment, and no turnover within their teaching faculties. This competition, representing an important new direction for the Fund, will provide seed-money support for approaches to keep programs vital and effective in the 1980's. Designed and undertaken by college administrators, state officials, and other managers of educational services, these projects will provide the field with practical, cost-effective steps to enhance learning opportunities in a period of retrenchment.

Program and financial data for fiscal years 1979 and 1980 follows:

	1979 Estimate	1980 Estimate	Increase or Decrease
New awards........	$ 5,800,000	$ 5,000,000	$ - 800,000
Number........	(80)	(70)	(-10)
Continuing awards.	7,200,000	9,000,000	+ 1,800,000
Number........	(95)	(120)	(+25)
Total.........	13,000,000	14,000,000	1,000,000
	(175)	(190)	(+15)

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2. National Center for Education Statistics (NCES) (General Education Provisions Act (GEPA), section 406)

1979 Estimate			1980		Increase or Decrease	
Pos. a/	BA a/	Authorization	Pos.	BA	Pos.	BA
183	$10,561,000	$30,000,000	184	$10,893,000	+1	$+332,000

Narrative

Purpose and method of operations

NCES collects statistics which portray the condition of education in the United States and abroad, analyzes and reports the meaning and significance of such statistics, and assists State and local educational agencies and institutions in devising and implementing standardized statistical systems. The Education Amendments of 1976 also assigned the Center responsibility for: coordinating data acquisition activities of the Education Division and the Office for Civil Rights in order to eliminate unnecessary or redundant information requests; developing and implementing a National Vocational Education Data System; and conducting a continuing survey of the supply and demand for education personnel. The Education Amendments of 1978 further assigned the Center responsibility for collecting data from the States on financing elementary-secondary education and publishing every two years composite profiles showing the degree to which each State achieved equalization of resources for elementary-secondary education; and coordinating the collection of information and data acquisition activities of all Federal agencies.

The Center uses program funds primarily for contracts to collect and process date and on occasion to report and analyze data. NCES staff plan and design all contracted activities and monitor them to insure quality of performance and adherence to budget and schedules. Based on the legislative authority in section 406 of GEPA, the Center provides statistical compilations and survey results to users on a cost reimbursable basis.

a/ Reflects transfer of the National Assessment of Educational Progress to the National Institute of Education pursuant to P.L. 95-561.

1980 Budget policy

The fiscal year 1980 budget requests $10,893,000 for the Center's program activities, an increase of $332,000 over the fiscal year 1979 level, which will support activities in Statistical services to implement the vocational education data system. The budget reflects the Center's effort to maintain a core of education statistics on institutions and individuals to monitor trends and address policy issues and to support a coordinated program of statistical services which provides: assistance to States in developing comparable data bases, analyses which illuminate the meaning of data, and dissemination of timely, useful information to the public. In addition, the budget reflects activities which address the legislative mandates of the Education Amendments of 1976 and 1978.

In order to carry out a balanced program combining data collection and services to users, the budget for the Center is distributed between two major types of activities: Education statistics and Statistical services.

	1979 Estimate	1980 Estimate	Increase or Decrease
(a) Education statistics	$ 5,390,000	$ 4,854,000	$-536,000
(b) Statistical services	5,171,000	6,039,000	+868,000
Total	$10,561,000	$10,893,000	$+332,000

(a) Education statistics

The Education statistics program is designed both to provide data to monitor institutional trends on enrollments, staff, and finances at all levels and to assess the performance and participation of students in terms of their backgrounds, characteristics and needs. These data address such policy issues as: relationship of education and work; problems of declining enrollments; need for education personnel in specialized areas; financial condition of education; access to and persistence in postsecondary education for women and minorities; employment status and earnings of college graduates; and changes in secondary school programs.

The fiscal year 1980 budget request for Education statistics is $4,854,000. This request is $536,000 below fiscal year 1979 because some recurrent surveys are not scheduled for this year. One of the principal activities in fiscal year 1980 will be the development of a school finance data system to produce profiles on the degree to which States are achieving equalization of resources for elementary-secondary education. Resources are required to reimburse the Bureau of the Census for expanding the Census of Governments school finance survey coverage from a sample of 6,000 school districts to the universe of 16,000. This will supply the data for calculating the disparities and developing practical statistical methods of measuring State financial equalization within States. The information is needed for reports to Congress and for HEW to develop legislative proposals for the elementary-secondary reauthorization in 1982.

The budget also supports:

- Developing a plan to coordinate Federal education statistics and reduce data burden by eliminating unnecessary or redundant information requests.
- Maintaining the data core for elementary-secondary, postsecondary and vocational education systems needed for allocation of Federal programs (Title I ESEA, student financial aid, vocational education), institutional eligibility for Federal funds, reporting teacher supply and demand, and for compliance monitoring in higher education for the Office for Civil Rights
- Maintaining the longitudinal study of young people in high school through their transition to adult participation in society, by conducting a nationally representative survey of the high school classes of 1980 and 1982, which will include data on racial/ethnic minorities and by completing the fourth follow-up of the class of 1972. Provides information which can be used to evaluate the impact of Federal programs on postsecondary education, employment and careers; and to develop special education services for Hispanics, and solutions to the high youth unemployment problems.
- Administering five surveys through the fast response survey system which provides data on current educational issues within three months.

Financial data for Education statistics activities follow:

	1979 Estimate	1980 Estimate	Increase or Decrease
New awards.............	$3,021	$2,675	$ -346
Number...............	(15)	(12)	(-3)
Continuing awards.....	$2,369	$2,179	$ -190
Number	(6)	(4)	(-2)
Total.................	$5,390	$4,854	$ -536
	(21)	(16)	(-5)

(b) Statistical services

In fiscal year 1980 NCES will continue to develop a program of Statistical services that will ensure the utility and use of education statistics. The program includes: assistance to States, analyses of data, and dissemination of information.

The fiscal year 1980 budget request for Statistical services is $5,171,000, an increase of $868,000 over the fiscal year 1979 level for these services. The increase supports assistance to States to implement the vocational education data system; methodological studies to improve the quality of data; and dissemination activities to expedite data availability. The Statistical services budget primarily supports continuations/expansions of activities previously initiated. The major activities for each program follow:

1) Assistance. The NCES assistance program is designed to develop comparable statistical systems which meet the needs for education planning and management at Federal, State, and local levels.

   - Providing 16-18 States with assistance to develop the computer software packages necessary to implement the vocational education data system.

   - Assisting 8 States in upgrading their statistical systems for reporting data on elementary-secondary and postsecondary education.

   - Assisting 50 States in developing standard terminology to reduce respondent burden.

- Continuing cooperative planning with the States to define and consolidate Federal-State-local data requirements in elementary-secondary and postsecondary education.

2) Analysis The analysis program conducts analytic studies which clarify the meaning and significance of education statistics for planning and policy-making. Such studies also improve the quality of data by identifying errors, inconsistencies and data gaps.

- Undertaking analytic studies on such policy-related areas as: the economic benefits of postsecondary education, effects of Federal student aid on family investment in postsecondary education, school finance, and enrollment patterns in elementary-secondary schools.

- Continuing methodological studies to improve statistical techniques, and validity and utility of data by: constructing cost of education indices; establishing new techniques for making estimates on partial data; and validating vocational and higher education data.

- Implementing a system to provide special analyses and quick retrieval of information in elementary-secondary education.

3) Dissemination The dissemination program will continue to provide more timely data and improve responsiveness to users by:

- Utilizing a special central staff to assure timely disposition of all data requests and immediate response to special requests from Congress and HEW.

- Continuing to increase the number of data bulletins with summary statistics, early releases of data and summary analytic reports.

- Expanding the computer services program to provide timely information through computer tapes, microfiche, and on-line computer capacity.

Financial data for Statistical services activities follow:

	1979 Estimate	1980 Estimate	Increase or Decrease
New awards...........	$4,320	$5,148	$+828
Number...............	(20)	(18)	(-2)
Continuing awards.....	851	891	+40
Number...............	(4)	(4)	(-)
Total..................	$5,171 (24)	$6,039 (22)	$+868 (-2)

Program Data and Accomplishments

Activity Description	FY 1979 Estimate	FY 1980 Estimate
Education statistics		
Major data cores	3	4
Fast response surveys	3	5
Mandated studies	4	4
Continuing/special surveys	6	6
Statistical services		
Assistance		
States participating in projects to develop standard terminology	50	50
States participating in exchange programs to control and improve data collection	43	50
States receiving grants to expedite collection and reporting of information	23	26
Analysis		
Analytic studies on policy relevant areas.	21	27
Methodological studies to improve analysis	7	10
Dissemination		
Publications issued	90	100
Reports	(55)	(60)
Early releases/data bulletins	(35)	(40)
Users of the statistical information service	10,425	11,500
Congress	(425)	(500)
Federal agencies	(2,000)	(2,200)
Education institutions and organizations	(8,000)	(8,800)
Users of computer services	555	630
Users of NCES comprehensive statistical reports	35,000	38,000

3. Program direction and support services
(General Education Provisions Act, section 402, 404, and 406; Higher Education Act, title I-B)

1979 Estimate		1980			Increase or Decrease
Pos.	BA	Authorization	Pos.	BA	
261	$10,608,000	Indefinite	262	$11,037,000	+$429,000

Narrative

Purpose and method of operations

The Office of the Assistant Secretary for Education is responsible for the direction and supervision of the Education Division and for administration of the Fund for the Improvement of Postsecondary Education and the National Center for Education Statistics. As part of the function of the Office, the Assistant Secretary for Education provides leadership for the education activities of the Department; serves as the key spokesperson and advocate for education in assuring that the Department provides professional and financial assistance to strengthen education in accordance with Federal laws and regulations, and serves as Chairperson of the Federal Interagency Committee on Education.

The Office of the Assistant Secretary for Education has as its major objectives to develop national education policy, to coordinate policy and programs throughout the Education Division, and to communicate with other governmental organizations and with the public concerning Federal education efforts.

Specifically, in developing policy, the Office is responsible for submitting to the Congress legislation renewal evaluation reports to advise the Congress on the effectiveness of education legislation that would soon expire. The Office also conducts policy research and analysis in order to make knowledgeable recommendations to the Secretary on education policies and strategies. In conjunction with these activities, the Office also is responsible for helping to recommend and develop new education legislation.

The Policy Development unit, headed by the Deputy Assistant Secretary (Policy Development), is the staff responsible for the analytic work related to national education policymaking through legislative and budget proposals considered by the Congress and the Administration. This staff also assures the coordination and consideration of disparate research and data collection efforts. Alternative proposals are examined and cross-cutting issues are synthesized for the Assistant Secretary. The Policy Development staff also monitors the in-depth policy research conducted at the four Education Policy Research Centers (EPRC's) which are supported by contract to gather, analyze, and synthesize information on four distinct areas of policy concern: (1) Equal educational opportunity for disadvantaged children (includes Bilingual, Title I, Indian, Handicapped and School Finance); (2) Educational quality and improvement (includes Competency Testing, Basic Skills, Career Education, Voc. Ed., and Governance); (3) Postsecondary education and vocational skills (includes Adult Education, Student Aid, Graduate Education) and (4) Desegregation of educational institutions (includes Elementary, Secondary and Postsecondary Institutions). Each of the major educational policy units in the Department and in the components of the Education Division participate in developing the agenda for and monitoring EPRC research.

To carry out the coordination function, the Office of the Assistant Secretary for Education reviews education regulations for policy consistence, coordinates Division-wide research activities on education problems and issues, and sponsors the Federal Interagency Committee on Education to advise the Secretary and the President on sound education policy throughout the government.

The Office is also responsible for assuring that the programs and policies of the Education Division are effectively communicated to the education community, to State education agencies, to other government organizations, and to the general public. Staff coordinates and follows up on Congressional requests and also responds to letters and inquiries from the public.

The Fund for the Improvement of Postsecondary Education has responsibility for improving postsecondary educational opportunities by providing assistance to such educational institutions and agencies through a program of planning and demonstration grants. The management functions performed by this office include: The review and selection of proposals for awards; monitoring and provision of technical assistance to operating projects; provision of information and other outreach services to the field; and, related duties required to administer this discretionary grant program, including liaison with and support of a fifteen-member Board of Advisors appointed by the Secretary.

The National Center for Education Statistics is the primary Federal agency responsible for collecting, processing, storing, interpreting, reporting and disseminating statistics about education. NCES reports statistics which portray the condition of education in the United States and abroad, analyses and reports the meaning and significance of such statistics, and assists State and local education agencies in devising and implementing standardized statistical systems. The Education Amendments of 1976 also assigned the Center responsibility for:

-- coordination of the collection of information and data acquisition activities of the Education Division and the Office for Civil Rights in order to eliminate detail and unnecessary or redundant information requests,

-- development, implementation and operation of a National Vocational Education Data System (VEDS), and

-- conduct of a continuing survey of the supply and demand for educational personnel.

1980 Budget Policy

This activity provides support for necessary staff and related expenses for the Office of the Assistant Secretary and for the two operating programs administered by the Office.

The 1980 budget would result in a increase in authorized positions of 1, from 261 to 262. This position would be assigned to the National Center for Education Statistics and accounts for $23,000 of the increase over fiscal year 1979. Other increases over fiscal year 1979 support built-in personnel and administrative costs as well as, an expansion of the function of the Education Data Acquisitions Council.

A detail summary of these increases and decreases follow:

Built-in Increases:	
Annualization of increased pay costs	$ 11,000
Within-grade increases	48,600
Annualization of positions not filled for all of FY 79..	62,500
Two extra paid days	53,000
Increase in FTS rates and mail costs	80,000
SLUC rate increase	59,000
Increase contribution to Office of Federal Employee Compensation	5,000
Total, built-ins	$319,100
Program Increases:	
Increase in temporary employment costs	15,900
Increase for expansion of Federal Data Acquisition Council	100,000
Increase costs associated with one new position for NCES including compensation benefits, SLUC and supplies, and equipment	23,000
Total, program increases	$138,900
Program Decreases:	
Decreased costs for field reader travel as a cost-saving measure	-15,000
Decrease in TAPS and other contractual services	-14,000
Total, program decreases	$-29,000
Net Change	+429,000

National Center for Education Statistics - One position is requested to permit the Center to increase the policy-relevance of its data. This position will be allocated to the Fast Response Survey System which provides nationally representative data on current educational issues and problems within approximately three months time. The additional productive effort provided by this individual will enable the Center to increase by one-half the number of fast surveys during FY 1980. This assures timely response to the Congress, the Department and the education community on more policy-relevant topics.

Office of the Assistant Secretary for Education - The Education Amendments of 1978 call for establishing a Federal Data Acquisition Council to coordinate the collection of information and data acquisition activities of all Federal agencies. To comply with this mandate, the budget includes $100,000 to expand the existing Education Data Acquisition Council's efforts to include all Federal agencies. This money will be used to maintain and expand the current automated redundancy checking system.

New Position Requested

	1980		
	Grade	Number	Annual Salary
Fast Response Survey System			
Statistician......................	GS-12	1	$23,087

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